Audited Financial Statements
and Other Financial Information

Town of Johnson, Vermont

June 30, 2023

RHR SMITH & COMPANY
Certified Public Accountants

Proven Expertise & Integrity

TOWN OF JOHNSON, VERMONT

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JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Johnson
Johnson, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Johnson, Vermont, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town of Johnson, Vermont's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 of Johnson, Vermont as of June 30, 2023 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Johnson, Vermont's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Johnson, Vermont's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 5 through 12 and 51 through 54 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 of Johnson, Vermont's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules 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 6, 2026 on our consideration of the Town of Johnson, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Johnson, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Johnson, Vermont's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
July 6, 2026

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

(UNAUDITED)

The following management's discussion and analysis of the Town of Johnson, Vermont's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2023. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Johnson, Vermont's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have one column for the Town’s activities. The types of activity presented for the Town of Johnson, Vermont is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, library, recreation, skate park and bike trail, historical society, Tuesday night live, highway department, appropriations and unclassified.

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 of Johnson, Vermont like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Johnson, Vermont can be divided into one type of fund: governmental funds.

Governmental funds: All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government’s near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town’s finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of 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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Johnson, Vermont presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town’s major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the “Other Governmental Funds” column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

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 the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by $124,762 from $3,844,786 to $3,969,548.

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 to a balance of $125,563 for the governmental activities at the end of the fiscal year.

Table 1
Town of Johnson, Vermont
Net Position
June 30,

	2023	2022 (Restated)
Assets:		
Current Assets	$ 2,678,876	$ 2,125,910
Noncurrent Assets - Capital Assets	3,050,136	2,740,411
Noncurrent Assets - Notes Receivable	73,959	80,247
Total Assets	5,802,971	4,946,568
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	157,548	106,373
Total Deferred Outflows of Resources	157,548	106,373
Liabilities:		
Current Liabilities	513,673	212,854
Noncurrent Liabilities	795,443	518,783
Total Liabilities	1,309,116	731,637
Deferred Inflows of Resources:		
Deferred Revenue	645,920	330,075
Deferred Inflows Related to Pensions	35,935	146,443
Total Deferred Inflows of Resources	681,855	476,518
Net Position:		
Net Investment in Capital Assets	2,531,643	2,384,442
Restricted	1,312,342	789,244
Unrestricted	125,563	671,100
Total Net Position	$ 3,969,548	$ 3,844,786

Table 2
Town of Johnson, Vermont
Change in Net Position
For the Years Ended June 30,

	2023	2022
Revenues		
Program Revenues:		
Charges for services	$ 128,304	$ 139,385
Operating grants and contributions	129,035	213,397
General Revenues:		
Taxes	2,024,537	1,930,685
Grants and contributions not restricted to specific programs	1,224,393	896,662
Investment earnings (net)	47,500	67,477
Miscellaneous	411,860	292,023
Total Revenues	3,965,629	3,539,629
Expenses		
General government	898,007	848,476
Public safety	820,733	800,530
Library	147,492	122,530
Recreation	734	26,643
Skate park and bike trail	8,064	10,064
Historical society	14,188	11,845
Tuesday night live	14,710	6,660
Highway department	1,438,375	1,517,323
Appropriations	33,267	33,267
Unclassified	453,738	6,529
Interest on long-term debt	11,559	8,440
Total Expenses	3,840,867	3,392,307
Change in Net Position	124,762	147,322
Net Position - July 1, As Previously Reported	4,162,887	4,015,565
Net Position Correction	(318,101)	-
Net Position - July 1, As Restated	3,844,786	4,015,565
Net Position - June 30	$ 3,969,548	$ 4,162,887

Revenues and Expenses

Revenues for the Town's governmental activities increased by 12.04%, while total expenses increased by 13.22%. The largest increases in revenues was in grants and contributions not restricted to specific programs and miscellaneous. The largest increase in expenses was in unclassified.

Financial Analysis of the Town's Fund Statements

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

Table 3
Town of Johnson, Vermont
Fund Balances - Governmental Funds
June 30,

	2023	2022 (Restated)	Increase/ (Decrease)
General Fund:			
Nonspendable	$ 939	$ 925	$ 14
Unassigned	438,886	457,813	(18,927)
Total General Fund	$ 439,825	$ 458,738	$ (18,913)
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	$ 834,493	$ 768,477	$ 66,016
Capital Projects Funds:			
Restricted	457,030	-	457,030
Committed	-	587,720	(587,720)
Permanent Funds:			
Restricted	20,819	20,767	52
Total Nonmajor Funds	$ 1,312,342	$ 1,376,964	$ (64,622)

The changes in total fund balances for the general fund and the nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

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

The general fund actual revenues exceeded budgeted amounts by $508,180. This was a result of all revenue categories being receipted above budgeted amounts with the exception of charges for services, investment earnings and miscellaneous revenues.

The general fund actual expenditures exceeded budgeted amounts by $430,617. This was a result of all expense categories being receipted at or above budgeted amounts with the exception of public safety and skate park and bike trail.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Town increased by $309,725 from the prior year. The increase is the result of net capital additions of $452,144 and current year depreciation of $142,419.

Table 4
Town of Johnson, Vermont
Capital Assets (Net of Depreciation)
June 30,

	2023	2022
Land	$ 725,059	$ 725,059
Construction in progress	60,669	82,524
Land improvements	49,860	-
Buildings and building improvements	401,756	422,546
Machinery, equipment and vehicles	943,440	639,749
Infrastructure	869,352	870,533
Total	$ 3,050,136	$ 2,740,411

Debt

At June 30, 2023, the Town had $518,493 in notes from direct borrowings payable versus $436,216 last year, an increase of 18.86%. Refer to Note 7 of the Notes to the Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

In July 2023, the Town of Johnson, Vermont experienced unprecedented flooding which significantly damaged Town property. The Town is working to restore services and repair the flood damage. Costs will be reimbursed through general insurance and from FEMA's Public Assistance program.

Economic Factors and Next Year's Budgets and Rates

The Town of Johnson, Vermont continues to work toward maintaining a sufficient unrestricted net position to sustain operations for a period of approximately three months. The Town also maintains significant reserve accounts for future capital and program needs.

Requests for Information

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 Clerk's Office at 293 Lower Main West, P.O. Box 383, Johnson, Vermont 05656.

STATEMENT A

TOWN OF JOHNSON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	$ 2,459,551
Investments	20,819
Accounts receivable (net of allowance for uncollectibles):	
Taxes	124,294
Other	27,938
Current portion of notes receivable (net of allowance for uncollectibles)	6,286
Due from other governments	39,049
Prepaid items	939
Total current assets	2,678,876
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	785,728
Depreciable assets, net of accumulated depreciation	2,264,408
Other assets:	
Noncurrent portion of notes receivable	73,959
Total noncurrent assets	3,124,095
TOTAL ASSETS	5,802,971
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	157,548
TOTAL DEFERRED OUTFLOWS OF RESOURCES	157,548
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 5,960,519

TOWN OF JOHNSON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	$ 352,684
Accrued expenses	166
Due to other governments	1,898
Current portion of long-term obligations	158,925
Total current liabilities	513,673
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes from direct borrowings	366,403
Accrued compensated absences	38,733
Net pension liability	390,307
Total noncurrent liabilities	795,443
TOTAL LIABILITIES	1,309,116
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	9,910
Deferred revenues	636,010
Deferred inflows related to pensions	35,935
TOTAL DEFERRED INFLOWS OF RESOURCES	681,855
NET POSITION	
Net investment in capital assets	2,531,643
Restricted:	
Special revenue funds	834,493
Capital project funds	457,030
Permanent funds	20,819
Unrestricted	125,563
TOTAL NET POSITION	3,969,548
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 5,960,519

See accompanying independent auditor's report and notes to financial statements.

STATEMENT B

TOWN OF JOHNSON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
General government	$ 898,007	$ 35,646	$ -	$ -	$ (862,361)
Public safety	820,733	-	-	-	(820,733)
Library	147,492	30,663	-	-	(116,829)
Recreation	734	13,012	-	-	12,278
Skate park and bike trail	8,064	15,039	-	-	6,975
Historical society	14,188	11,649	-	-	(2,539)
Tuesday night live	14,710	10,401	-	-	(4,309)
Highway department	1,438,375		129,035	-	(1,309,340)
Appropriations	33,267	-	-	-	(33,267)
Unclassified	453,738	11,894	-	-	(441,844)
Interest on long-term debt	11,559	-	-	-	(11,559)
Total governmental activities	$ 3,840,867	$ 128,304	$ 129,035	$ -	(3,583,528)

TOWN OF JOHNSON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(3,583,528)
General revenues:	
Taxes, levied for general purposes	2,024,537
Grants and contributions not restricted to specific programs	1,224,393
Miscellaneous	459,360
Total general revenues and transfers	3,708,290
Change in net position	124,762
NET POSITION - JULY 1, AS PREVIOUSLY REPORTED	4,162,887
NET POSITION CORRECTION	(318,101)
NET POSITION - JULY 1, AS PREVIOUSLY REPORTED	3,844,786
NET POSITION - JUNE 30	$ 3,969,548

See accompanying independent auditor’s report and notes to financial statements.

TOWN OF JOHNSON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,089,067	$ 1,370,484	$ 2,459,551
Investments	-	20,819	20,819
Accounts receivable (net of allowance for uncollectibles):			
Taxes	124,294	-	124,294
Other	27,938	-	27,938
Notes receivable (net of allowance for uncollectibles)	-	80,245	80,245
Due from other governments	39,049	-	39,049
Prepaid items	939	-	939
Due from other funds	-	476,804	476,804
TOTAL ASSETS	$ 1,281,287	$ 1,948,352	$ 3,229,639
LIABILITIES			
Accounts payable	$ 352,684	$ -	$ 352,684
Accrued expenses	166	-	166
Due to other governments	1,898	-	1,898
Due to other funds	476,804	-	476,804
TOTAL LIABILITIES	831,552	-	831,552
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	9,910	-	9,910
Deferred revenues	-	636,010	636,010
TOTAL DEFERRED INFLOWS OF RESOURCES	9,910	636,010	645,920
FUND BALANCES			
Nonspendable	939	-	939
Restricted	-	1,312,342	1,312,342
Committed	-	-	-
Assigned	-	-	-
Unassigned	438,886	-	438,886
TOTAL FUND BALANCES	439,825	1,312,342	1,752,167
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,281,287	$ 1,948,352	$ 3,229,639

See accompanying independent auditor’s report and notes to financial statements.

TOWN OF JOHNSON, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2023

	Total Governmental Funds
Total Fund Balances	$ 1,752,167
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	3,050,136
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	157,548
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Notes from direct borrowings	(518,493)
Accrued compensated absences	(45,568)
Net pension liability	(390,307)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(35,935)
Net position of governmental activities	$ 3,969,548

See accompanying independent auditor’s report and notes to financial statements.

TOWN OF JOHNSON, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	$ 2,024,537	$ -	$ 2,024,537
Intergovernmental	916,428	437,000	1,353,428
Charges for services	116,410	11,894	128,304
Investment earnings (net)	39,795	7,705	47,500
Miscellaneous revenues	410,160	1,700	411,860
TOTAL REVENUES	3,507,330	458,299	3,965,629
EXPENDITURES			
Current:			
General government	867,130	-	867,130
Public safety	820,733	-	820,733
Library	147,492	-	147,492
Recreation	25,664	-	25,664
Skate park and bike trail	8,064	-	8,064
Historical society	14,188	-	14,188
Tuesday night live	14,710	-	14,710
Highway department	1,569,237	-	1,569,237
Appropriations	33,267	-	33,267
Unclassified	-	453,738	453,738
Debt service:			
Principal	182,723	-	182,723
Interest	11,559	-	11,559
Capital outlay	-	165,659	165,659
TOTAL EXPENDITURES	3,694,767	619,397	4,314,164
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(187,437)	(161,098)	(348,535)
OTHER FINANCING SOURCES (USES)			
Bond and lease proceeds	265,000	-	265,000
Transfers in	-	96,476	96,476
Transfers (out)	(96,476)	-	(96,476)
TOTAL OTHER FINANCING SOURCES (USES)	168,524	96,476	265,000
NET CHANGE IN FUND BALANCES	(18,913)	(64,622)	(83,535)
FUND BALANCES - JULY 1, AS PREVIOUSLY REPORTED	458,738	1,695,065	2,153,803
FUND BALANCE CORRECTION	-	(318,101)	(318,101)
FUND BALANCES - JULY 1, AS RESTATED	458,738	1,376,964	1,835,702
FUND BALANCES - JUNE 30	$ 439,825	$ 1,312,342	$ 1,752,167

See accompanying independent auditor’s report and notes to financial statements.

TOWN OF JOHNSON, 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, 2023

Net change in fund balances - total governmental funds (Statement E)	$ (83,535)
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	452,144
Depreciation expense	(142,419)
	309,725
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	51,175
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	182,723
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	(265,000)
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	110,508
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 governmental funds:	
Accrued compensated absences	1,001
Net pension liability	(181,835)
	(180,834)
Change in net position of governmental activities (Statement B)	$ 124,762

See accompanying independent auditor’s report and notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Johnson was incorporated under the laws of the State of Vermont. The Town operates under the Selectboard-manager form of government and provides the following services: general government, public safety, library, recreation, skate park and bike trail, historical society, Tuesday night live, highway department, appropriations and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

In accordance with Governmental Accounting Standards Board Statement Number 14 (as amended by Number 39 and 61), the Town has evaluated all potential component units. Based on this evaluation, the financial statements do not include the Town of Johnson School district, Johnson Conservation Commission or the Johnson Public Library.

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 “Subscription-Based Information Technology Arrangements”. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 “Omnibus 2022”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial 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).

In the government-wide Statement of Net Position the governmental activities column are (a) presented on a consolidated basis by column and (b) are reported on a 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.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, library, recreation, skate park and bike trail, historical society, Tuesday night live, highway department, appropriations and unclassified) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The 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.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major funds:

a. 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.

Nonmajor funds:

b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, infrastructure and/or equipment.

d. Permanent Funds are used to account for assets held by the Town that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town’s policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in the governmental activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town’s policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. In the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.

2. A Town meeting of the residents of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.

3. The budget was adopted subsequent to passage by the inhabitants of the Town.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due for Transportation Grant funds, loans receivable and Enterprise funds primarily. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be $0 as of June 30, 2023. Accounts receivable and revolving loan fund - notes receivable netted with allowances for uncollectible accounts were $147,232 for the year ended June 30, 2023.

Interfund Receivables and Payables

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

The Town generally capitalizes furniture, equipment and small tools with cost of $5,000 or more for governmental funds and $50,000 or greater for infrastructure are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs 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 estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town.

Estimated useful lives are as follows:

Buildings and improvements	10 - 40 years
Infrastructure	20 - 50 years
Machinery and equipment	5 - 10 years
Vehicles	3 - 12 years

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All long-term obligations to be repaid from governmental resources are reported as liabilities in government-wide statements. The long-term debt consists of notes from direct borrowings payable, accrued compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by the taxpayers and is expressed by the Selectboard.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

Pensions

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times 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/expenditure) until then. The Town has only one type of this item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times 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. Deferred revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Deferred inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied on July 6, 2022 on the assessed value listed as of April 1, for all real property located in the Town. Taxes were due in four installments on August 10, 2022, November 10, 2022, February 10, 2023 and May 10, 2023. Interest accrues at 1% per month for the first three months; and thereafter at 1.5% per month. An 8% penalty fee is added to the entire unpaid principal tax balance after May 10.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a 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 possession of an outside party. The Town does not have a policy covering custodial credit risk.

At June 30, 2023, the Town's cash balance of $2,459,551 was comprised of bank deposits amounting to $2,583,069. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these deposits, $2,483,099 was insured by federal depository insurance and consequently were not exposed to custodial credit risk and the balance of were uncollateralized and therefore were exposed to custodial credit risk.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Account Type	Bank Balance
Saving accounts	$ 6,875
Checking accounts	1,387,912
Money market accounts	685,380
Repurchase agreement	502,902
	$ 2,583,069

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for $20,819 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2023 the Town's investments of $20,819 were comprised of a certificate of deposit. The certificate of deposit was fully insured by federal depository insurance and consequently not exposed to custodial risk.

Credit risk - Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	$ -	$ 476,804
Nonmajor Capital Projects Funds	20,841	-
Nonmajor Special Revenue Funds	455,963	-
	$ 476,804	$ 476,804

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2023 consisted of the following:

	Transfers From	Transfers To
General Fund	$ 96,476	$ -
Nonmajor Special Revenue Funds	-	63,506
Nonmajor Capital Projects Funds	-	32,970
	$ 96,476	$ 96,476

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

NOTE 5 - NOTES RECEIVABLE AND REVOLVING LOAN FUND

During fiscal year 2014, the Town was the recipient of a federal Community Development Block Grant ("CDBG") in the amount of $500,000 received through the Vermont Community Development Program. The Town loaned a local Johnson business owner the proceeds of the grant for the purpose of acquiring equipment for the planned redevelopment and operation of the business. Terms of the loan require quarterly payments of interest only for the first six years of the loan at a rate of 1% per annum, followed by quarterly principal and interest payments of $9,579 through January 1, 2034. The loan is secured by substantially all business equipment.

The Town of Johnson, Vermont's revolving loan fund is a loan program administered by the Town and the Vermont Community Development Program. This lending program was implemented to promote small business growth and economic development in the Town of Johnson, Vermont. The program is designed to assist companies located within the Town limits that do not qualify for conventional financing. Funds may be used for working capital, inventory, leasehold improvements to commercial or owner-occupied real estate, equipment or mezzanine financing. The use of these funds must result in the retention and/or creation of jobs in the Town of Johnson, Vermont. This program was established with a maximum fund balance of $250,000 (50% of the proceeds to be repaid the Town's CDBG grant of $500,000). The initial loan was paid in full on October 10, 2017, when the business was sold. Town of Johnson returned $250,000 to the State of Vermont in November 2017. The Town's Revolving Loan Fund Committee is responsible for oversight of the revolving loan fund and makes recommendations to the Selectboard, which has ultimate authority over the approval of any loan. Management has determined that no allowance for loan losses is necessary at June 30, 2023. Bad debt expense for the year ended June 30, 2023 was $0. Any future adjustments to the allowance for uncollectible amounts are not known at this time.

The following is a summary of changes in notes receivable for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
Revolving loan fund	$ 86,384	$ -	$ (6,139)	$ 80,245	$ 6,286

NOTE 6 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Disposals/ Transfers	Balance, 6/30/23
Governmental activities				
Non-depreciated assets:				
Land	$ 725,059	$ -	$ -	$ 725,059
Construction in progress	82,524	3,075	(24,930)	60,669
Total non-depreciated assets	807,583	3,075	(24,930)	785,728
Depreciated assets:				
Land improvements	-	49,860	-	49,860
Buildings and building improvements	900,124	-	-	900,124
Vehicles	564,324	-	-	564,324
Machinery and equipment	626,198	385,000	(204,492)	806,706
Infrastructure	1,227,116	39,139	-	1,266,255
Total depreciated assets	3,317,762	473,999	(204,492)	3,587,269
Less: accumulated depreciation				
Buildings and building improvements	(477,578)	(20,790)	-	(498,368)
Vehicles	(244,132)	(57,284)	-	(301,416)
Machinery and equipment	(306,641)	(24,025)	204,492	(126,174)
Infrastructure	(356,583)	(40,320)	-	(396,903)
Total accumulated depreciation	(1,384,934)	(142,419)	204,492	(1,322,861)
Net governmental capital assets	$ 2,740,411	334,655	(24,930)	$ 3,050,136

Current year depreciation:	
General government	$ 14,801
Highway	127,618
Total depreciation expense	$ 142,419

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
Notes from direct borrowings payable	$ 436,216	$ 265,000	$ (182,723)	$ 518,493	$ 152,090

The following is a summary of the outstanding notes from direct borrowings payable:

$150,000 Equipment Note payable to Community National Bank in annual principal and interest installments of $32,008 through October of 2023 and one final principal and interest payment of $31,319 due on October of 2024. Interest is charged at fixed rate of 2.20% per annum.	$ 61,997
$161,110 Highway Equipment Note payable to Union Bank for a 2019 Tandem Truck. Monthly principal and interest installments of $2,921 are due through August of 2023. Interest is charged at a fixed rate of 3.35% per annum.	5,791
$78,538 Capital Equipment Note payable to Union Bank for a Tractor. Annual principal and interest payments in the amount of $16,590, are due through July of 2025. Interest is charged at a rate of 1.85% per annum.	45,412
$89,422 Highway Equipment Note payable to Union Bank for a 2021 Salt Truck. Annual principal and interest installments of $18,895, are due through June of 2026. Interest is charged at a fixed rate of 1.99% per annum.	54,397
$168,000 Highway Note payable to Union bank for a 2022 International Truck. Annual principal and interest payments in the amount of $35,568, are due through June of 2026. Interest is charged at a fixed rate of 1.99% per annum.	102,397
$265,000 Capital Equipment Note payable to Union Bank for a new grater. Annual principal and interest payments in the amount of $60,348, are due through January of 2028. Interest is charged at a fixed rate of 4.49% per annum.	248,499
Total governmental activities notes from direct borrowings payable	$ 518,493

The following is a summary of outstanding notes from direct borrowings payable principal and interest requirements for the fiscal years ending June 30:

NOTE 7 - LONG-TERM DEBT (CONTINUED)

	Notes from Direct Borrowings Payable		
	Principal	Interest	Total
2024	$ 152,090	$ 16,027	$ 168,117
2025	151,008	11,324	162,332
2026	120,471	6,949	127,420
2027	56,114	3,125	59,239
2028	38,810	663	39,473
	$ 518,493	$ 38,088	$ 556,581

All notes from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2023 is as follows:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
Accrued compensated absences	$ 46,569	$ 8,970	$ (9,971)	$ 45,568	$ 6,835
Net pension liability	208,472	225,485	(43,650)	390,307	-
	$ 255,041	$ 234,455	$ (53,621)	$ 435,875	$ 6,835

Please see Notes 12 and 15 for detailed information on the other long-term obligations.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2023:

Invested in capital assets	$ 4,372,997
Accumulated depreciation	(1,322,861)
Outstanding capital related debt	(518,493)
	$ 2,531,643

NOTE 10 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

At June 30, 2023, the Town had the following restricted net position and restricted fund balances:

Nonmajor special revenue funds (Schedule E)	$ 834,493
Nonmajor capital projects funds (Schedule G)	457,030
Nonmajor permanent funds (Schedule I)	20,819
	$ 1,312,342

NOTE 11 - NONSPENDABLE FUND BALANCE

At June 30, 2023, the Town had the following nonspendable fund balance:

General fund:	
Prepaid items	$ 939

NOTE 12 - ACCRUED COMPENSATED ABSENCES

The Town's policies allow employees after completing six months of employment, eligible employees will be credited with combined time off equal to a six month accrual. Combined time off accrues in increments of hours after each weekly payroll based on the employees' accrual rates. The accrual rate is based on length of service and number of hours worked in a week. The maximum balance allowed in an employee's bank is one and one-half times their annual accrual rate. Employees are entitled to the maximum accrual upon termination. Hours over the one and one-half times will be transferred to their sick leave reserve bank. The maximum accrual for the sick leave reserve bank is 480 hours. The maximum payout shall be 25% of actual accrued hours up to the cap of 480 hours. Hours over the 480 hours will be transferred to their catastrophic sick leave bank. Employees may only use their catastrophic sick

NOTE 12 - ACCRUED COMPENSATED ABSENCES

leave when all combined time off and sick leave reserves have been exhausted. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. As of June 30, 2023, the Town's liability for compensated absences is $45,568, which represents a net decrease of $1,001 from the prior year.

NOTE 13 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in coverage from the prior year and amounts of settlements have not exceeded insurance coverage in the past three years. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

In addition, the Town is a member of the Vermont League of Cities and Towns (VLCT). The VLCT has set up two insurance trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance; the Vermont League of Cities and Towns Employment Resource Benefits Trust (VERB) for unemployment, life, disability and other ancillary coverage. PACIF and VERB are nonprofit corporations formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability. Members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

NOTE 13 - RISK MANAGEMENT (CONTINUED)

To provide unemployment insurance coverage, VERB has established a self-funded fully insured program. Contributions fund unemployment claims and are based on payroll expense and the claim experience from the best four years out of the last five. Other benefits available include dental insurance, vision plans, flexible spending accounts, life insurance, disability insurance and long-term care insurance. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VERB is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 14 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town’s financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town’s compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 15 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2021 (the most recent data available), the retirement system consisted of 16,158 participating members.

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 Schools 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. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report may be viewed on the State's Department of Finance and Management website at: Annual Comprehensive Financial Report | Department of Finance and Management (vermont.gov).

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B and C - general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D - sworn police officers, firefighters and emergency medical personnel

The Town participates in Group B. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula – normal service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

<table>
<tr><th>VMERS</th><th>Group A</th><th>Group B</th><th>Group C</th><th>Group D</th></tr>
<tr><td>Post-Retirement COLA</td><td>Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%</td><td>50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%</td><td colspan="2">50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65</td></tr>
<tr><td>Early Retirement Eligibility</td><td>Age 55 with 5 years of service</td><td>Age 55 with 5 years of service</td><td colspan="2">Age 55 with 5 years of service</td></tr>
<tr><td>Early Retirement Reduction</td><td>Actuarial reduction</td><td>6% per year from age 62</td><td colspan="2">Actuarial reduction</td></tr>
</table>

** - A special early retirement factor of 3% per year only for municipal police officers who have attained age 60.

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2022 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.500% of gross salary	5.875% of gross salary	11.000% of gross salary	12.350% of gross salary
Employer Contributions	5.000% of gross salary	6.500% of gross salary	8.250% of gross salary	10.850% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2023 totaled $39,530. The Town contributed $43,650 for the year ended June 30, 2023. The Town's total payroll for the year ended June 30, 2023 for all employees covered under this plan was $659,250.

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities

At June 30, 2023, the Town reported a liability of $390,307 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2021. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2022, the Town's proportion was 0.12866% for VMERS, which was a decrease of 0.02928% from its proportion measured as of June 30, 2021 for VMERS.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the Town recognized pension expense of $20,152 for the VMERS plan. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 29,312	$ -
Changes of assumptions	19,954	-
Net difference between projected and actual earnings on pension plan investments	63,367	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,265	35,935
Contributions subsequent to the measurement date	43,650	-
Total	$ 157,548	$ 35,935

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

$43,650 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS Plan
Plan year ended June 30:	
2023	$ 26,082
2024	17,682
2025	(797)
2026	34,996
2027	-
Thereafter	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2022 measurement date was determined by rolling forward the total pension liability as of June 30, 2021 to June 30, 2024. The total pension liability was calculated using the following actuarial assumptions:

Investment Rate of Return: 7.00%, net of pension plan investment expense, including inflation.

Inflation: 2.30%

Salary Increases: Varying, service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

Deaths After Retirement: Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pre-Retirement:

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

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

Healthy Post-Retirement - Beneficiaries:

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

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

Disabled Post-Retirement:

- All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using Scale MP-2019.

Inactive Members: Valuation liability equals 100% of accumulated contributions. Inactive who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.

Future Administrative Expenses: An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

Unknown Data for Participants: The same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: 85% of male members and 50% of female members are assumed to be married.

Spouse's Age: Husbands are assumed to be three years older than their wives.

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2021 COLA is 0.40% for all groups. The January 1, 2023 COLA is 2.00% for Group A members and 3.00% for Group B, C and D members.

Actuarial Cost Method: The Projected Benefit Cost Method is used. Normal contribution rates for each Group are equal to rates from the prior year, adjusted for increases or decreases in rates due to assumption changes or plan provision changes.

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, 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. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

The *long-term expected rate of return* on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
US Equity - Large Cap	4.00%	3.25%
US Equity - Small/Mid Cap	3.00%	3.75%
Non-US Developed Market Equities	7.00%	5.00%
Emerging Market Debt	4.00%	3.50%
Core Fixed Income	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	3.00%	3.50%
Non-Core Real Estate	4.00%	6.00%
Private Equity	10.00%	6.50%
Infrastructure/Farmland	4.00%	4.25%

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00% for the VMERS plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
VMERS:			
Discount rate	6.00%	7.00%	8.00%
Town's proportionate share of the net pension liability	$ 584,858	$ 390,307	$ 230,281

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VMERS or their participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report can be viewed on the State's Department of Finance and Management website at: Annual Comprehensive Financial Report | Department of Finance and Management (vermont.gov).

NOTE 16 - TAX ABATEMENTS

The State of Vermont operates a Current Use Program and enters into tax abatement agreements directly with landowners. Enrolled landowners are required to manage their land in accordance with an approved plan and the land is subject to a lien to recover taxes abated if the land is ever developed. In exchange, the landowners receive a reduction in assessed value on their property tax bills, which results in a reduction of property tax revenue to the Town. For fiscal year 2023, the amount of Town property taxes foregone as a result of the Current Use Program was approximately $102,727. In accordance With 32 V.S.A § 3760, the State of Vermont limits the total loss of revenue to zero by providing the Town With a Hold Harmless payment in the following year that is equivalent to the taxes previously foregone.

NOTE 17 - RESTATEMENT

During fiscal year 2023, the Town determined that certain corrections related to the reclassification of ARPA funds to deferred revenues were required. These corrections resulted in adjustments to and restatements of net position and fund balance, as follows:

	6/30/22 As Previously Reported	Fund Balance/ Net Position Correction	6/30/22 As Restated
Government-Wide			
Governmental Activities	$ 4,162,887	$ (318,101)	$ 3,844,786
Total Government-Wide	$ 4,162,887	$ (318,101)	$ 3,844,786
Governmental Funds			
Major Funds:			
General Fund	$ 458,738	$ -	$ 458,738
Other Governmental Funds	1,695,065	(318,101)	1,376,964
Total Governmental Funds	$ 2,153,803	$ (318,101)	$ 1,835,702

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

TOWN OF JOHNSON, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 458,738	$ 458,738	$ 458,738	$ -
Resources (Inflows):				
Property taxes	1,974,332	1,974,332	2,024,537	50,205
Intergovernmental	695,300	695,300	916,428	221,128
Charges for services	269,173	269,173	116,410	(152,763)
Investment earnings	46,250	46,250	39,795	(6,455)
Miscellaneous revenues	279,095	279,095	210,168	(68,927)
Sale of highway equipment	-	-	199,992	199,992
Bond and lease proceeds	-	-	265,000	265,000
Amounts Available for Appropriation	3,722,888	3,722,888	4,231,068	508,180
Charges to Appropriations (Outflows):				
General government	813,954	813,954	867,130	(53,176)
Public safety	826,364	826,364	820,733	5,631
Library	138,663	138,663	147,492	(8,829)
Recreation	25,000	25,000	25,664	(664)
Skate park and bike trail	11,800	11,800	8,064	3,736
Historical society	10,950	10,950	14,188	(3,238)
Tuesday night live	9,200	9,200	14,710	(5,510)
Highway department	1,200,670	1,200,670	1,569,237	(368,567)
Appropriations	33,267	33,267	33,267	-
Debt service:				
Principal	182,723	182,723	182,723	-
Interest	11,559	11,559	11,559	-
Transfers to other funds	96,476	96,476	96,476	-
Total Charges to Appropriations	3,360,626	3,360,626	3,791,243	(430,617)
Budgetary Fund Balance, June 30	$ 362,262	$ 362,262	$ 439,825	$ 77,563
Utilization of Assigned Fund Balance	$ 96,476	$ 96,476	$ -	$ (96,476)

See accompanying independent auditor’s report and notes to financial statements.

SCHEDULE 2

TOWN OF JOHNSON, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016
VMERS:								
Proportion of the net pension liability	0.13%	0.14%	0.16%	0.16%	0.15%	0.16%	0.16%	0.16%
Proportionate share of the net pension liability	$ 390,307	$ 208,472	$ 399,540	$ 273,018	$ 214,568	$ 192,611	$ 202,176	$ 126,185
Covered payroll	$ 515,032	$ 524,857	$ 569,271	$ 532,792	$ 485,747	$ 472,045	$ 434,110	$ 425,655
Proportionate share of the net pension liability as a percentage of its covered payroll	75.78%	39.72%	70.18%	51.24%	44.17%	40.80%	46.57%	29.64%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%

* The amounts presented are for those years for which information is available.

See accompanying independent auditor’s report and notes to financial statements.

SCHEDULE 3

TOWN OF JOHNSON, VERMONT

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
VMERS:									
Contractually required contribution	$43,650	$32,190	$ 31,491	$ 32,733	$ 30,236	$ 26,716	$ 25,963	$ 23,876	$ 22,879
Contributions in relation to the contractually required contribution	(43,650)	(32,190)	(31,491)	(32,733)	(30,236)	(26,716)	(25,963)	(23,876)	(22,879)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$659,250	$515,032	$ 524,857	$ 569,271	$ 532,792	$ 485,747	$ 472,045	$ 434,110	$ 425,655
Contributions as a percentage of covered payroll	6.62%	6.25%	6.00%	5.75%	5.68%	5.50%	5.50%	5.50%	5.38%

* The amounts presented are for those years for which information is available.

Changes of Assumptions

VMERS Pension Plan:

The July 1, 2023 COLA assumption was increased from 2.00% to 3.00% for Groups B, C and D members.

<u>Other Supplementary Information</u>

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

SCHEDULE A

TOWN OF JOHNSON, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND REVENUES
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	$ 1,974,332	$ 1,974,332	$ 2,024,537	$ 50,205
Intergovernmental revenues:				
State aid - highways	144,800	144,800	129,035	(15,765)
PILOT	443,000	443,000	492,254	49,254
Current use reimbursement	95,000	95,000	102,727	7,727
Other	12,500	12,500	192,412	179,912
Charges for services:				
Fees and fines	37,575	37,575	35,646	(1,929)
Recreation committee	13,458	13,458	13,012	(446)
Library	18,650	18,650	30,663	12,013
Skate park and bike trails	5,965	5,965	15,039	9,074
Historical society	185,325	185,325	11,649	(173,676)
Tuesday night live	8,200	8,200	10,401	2,201
Other income:				
Interest and penalties	44,500	44,500	37,207	(7,293)
Investment income (net)	1,750	1,750	2,588	838
Rental/lease	18,750	18,750	7,720	(11,030)
Other income	260,345	260,345	202,448	(57,897)
Sale of highway equipment	-	-	199,992	199,992
Bond and lease proceeds	-	-	265,000	265,000
TOTAL REVENUES	$ 3,264,150	$ 3,264,150	$ 3,772,330	$ 508,180

See accompanying independent auditor’s report and notes to financial statements.

TOWN OF JOHNSON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
General Government:				
Salaries and benefits	$ 323,052	$ 323,052	$ 353,678	$ (30,626)
Selectboard	301,967	301,967	298,482	3,485
Town offices	74,850	74,850	37,482	37,368
Buildings and grounds	114,085	114,085	177,488	(63,403)
	813,954	813,954	867,130	(53,176)
Public safety	826,364	826,364	820,733	5,631
Library	138,663	138,663	147,492	(8,829)
Recreation	25,000	25,000	25,664	(664)
Skate park and bike trail	11,800	11,800	8,064	3,736
Historical society	10,950	10,950	14,188	(3,238)
Tuesday night live	9,200	9,200	14,710	(5,510)
Highway department				
Salaries and benefits	485,615	485,615	392,506	93,109
Buildings and grounds	29,700	29,700	35,106	(5,406)
Summer roads	288,100	288,100	466,557	(178,457)
Winter roads	91,100	91,100	100,619	(9,519)
Bridges and culverts	52,100	52,100	15,014	37,086
Equipment	247,955	247,955	555,626	(307,671)
Other	6,100	6,100	3,809	2,291
	1,200,670	1,200,670	1,569,237	(368,567)
Appropriations				
North Country Animal League	1,410	1,410	1,410	-
L.C. Home Health	10,338	10,338	10,338	-
Lamoille Family Center	2,000	2,000	2,000	-
Meals on Wheels	3,760	3,760	3,760	-
Central Vermont Council Ageing	2,247	2,247	2,247	-
Rural Community Transport	2,820	2,820	2,820	-
Adult Basic Ed	940	940	940	-
Adult Day Care	611	611	611	-
L.C. Court Diversion	1,175	1,175	1,175	-
Lamoille Housing Partners	752	752	752	-
C.V. Community Action	470	470	470	-
Clarina Howard Center	1,320	1,320	1,320	-
American Red Cross	500	500	500	-
L.C. Special Investigations	2,224	2,224	2,224	-
North Central VT Recovery	2,000	2,000	2,000	-
Salvation Farms	700	700	700	-
	33,267	33,267	33,267	-
Debt Service				
Principal	182,723	182,723	182,723	-
Interest	11,559	11,559	11,559	-
Total Debt Service	194,282	194,282	194,282	-
Transfers to other funds	96,476	96,476	96,476	-
Total Expenditures	3,360,626	3,360,626	3,791,243	(430,617)

See accompanying independent auditor’s report and notes to financial statements.

SCHEDULE C

TOWN OF JOHNSON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 934,295	$ 436,189	$ -	$ 1,370,484
Investments	-	-	20,819	20,819
Notes receivable (net of allowance for uncollectibles)	80,245	-	-	80,245
Due from other funds	455,963	20,841	-	476,804
TOTAL ASSETS	$ 1,470,503	$ 457,030	$ 20,819	$ 1,948,352
LIABILITIES				
Due to other funds	$ -	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	636,010	-	-	636,010
TOTAL DEFERRED INFLOWS OF RESOURCES	636,010	-	-	636,010
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	834,493	457,030	20,819	1,312,342
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	834,493	457,030	20,819	1,312,342
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,470,503	$ 457,030	$ 20,819	$ 1,948,352

See accompanying independent auditor’s report and notes to financial statements.

TOWN OF JOHNSON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	$ 437,000	$ -	$ -	$ 437,000
Charges for services	11,894	-	-	11,894
Investment earnings (net)	5,654	1,999	52	7,705
Other income	1,700	-	-	1,700
TOTAL REVENUES	456,248	1,999	52	458,299
EXPENDITURES				
Capital outlay	-	165,659	-	165,659
Other	453,738	-	-	453,738
TOTAL EXPENDITURES	453,738	165,659	-	619,397
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,510	(163,660)	52	(161,098)
OTHER FINANCING SOURCES (USES)				
Transfers in	63,506	32,970	-	96,476
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	63,506	32,970	-	96,476
NET CHANGE IN FUND BALANCES	66,016	(130,690)	52	(64,622)
FUND BALANCES - JULY 1, AS PREVIOUSLY REPORTED	1,086,578	587,720	20,767	1,695,065
FUND BALANCE CORRECTION	(318,101)	-	-	(318,101)
FUND BALANCES - JULY 1, AS RESTATED	768,477	587,720	20,767	1,376,964
FUND BALANCES - JUNE 30	$ 834,493	$ 457,030	$ 20,819	$ 1,312,342

See accompanying independent auditor’s report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF JOHNSON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Reappraisal Fund	Recreation Dept. Reserve	Historical Fund Reserve	UB Spending Reserve	Conservation Fund Reserve	Records Fund Reserve	Tree Board Fund Reserve
ASSETS							
Cash and cash equivalents	$ 44,554	$ 17,060	$ 34,710	$ 1,797	$ -	$ -	$ -
Notes receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	5,000	25,577	200
TOTAL ASSETS	$ 44,554	$ 17,060	$ 34,710	$ 1,797	$ 5,000	$ 25,577	$ 200
LIABILITIES							
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	44,554	17,060	34,710	1,797	5,000	25,577	200
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	44,554	17,060	34,710	1,797	5,000	25,577	200
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 44,554	$ 17,060	$ 34,710	$ 1,797	$ 5,000	$ 25,577	$ 200

TOWN OF JOHNSON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Tax Anticipation Reserve	Audit Reserve	Emergency Management	Highway Policy Management	Community Development Loan	ARPA Grant	VDCP Grant	Total
ASSETS								
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ 200,164	$ 636,010	$ -	$ 934,295
Notes receivable (net of allowance for uncollectibles)	-	-	-	-	80,245	-	-	80,245
Due from other funds	310,780	46,923	64,483	3,000	-	-	-	455,963
TOTAL ASSETS	$ 310,780	$ 46,923	$ 64,483	$ 3,000	$ 280,409	$ 636,010	$ -	$ 1,470,503
LIABILITIES								
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	-	-	-	-	636,010	-	636,010
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	636,010	-	636,010
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	310,780	46,923	64,483	3,000	280,409	-	-	834,493
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	310,780	46,923	64,483	3,000	280,409	-	-	834,493
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 310,780	$ 46,923	$ 64,483	$ 3,000	$ 280,409	$ 636,010	$ -	$ 1,470,503

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JOHNSON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Reappraisal Fund	Recreation Dept. Reserve	Historical Fund Reserve	UB Spending Reserve	Conservation Fund Reserve	Records Fund Reserve	Tree Board Fund Reserve
REVENUES							
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	-	8,894	-
Investment earnings (net)	22	24	46	-	-	-	-
Other income	-	-	-	-	1,500	-	200
TOTAL REVENUES	22	24	46	-	1,500	8,894	200
EXPENDITURES							
Other	-	-	47	-	-	3,897	-
TOTAL EXPENDITURES	-	-	47	-	-	3,897	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	22	24	(1)	-	1,500	4,997	200
OTHER FINANCING SOURCES (USES)							
Transfers in	37,405	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	37,405	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	37,427	24	(1)	-	1,500	4,997	200
FUND BALANCES - JULY 1, AS PREVIOUSLY REPORTED	7,127	17,036	34,711	1,797	3,500	20,580	-
FUND BALANCE CORRECTION	-	-	-	-	-	-	-
FUND BALANCES - JULY 1, AS RESTATED	7,127	17,036	34,711	1,797	3,500	20,580	-
FUND BALANCES - JUNE 30	$ 44,554	$ 17,060	$ 34,710	$ 1,797	$ 5,000	$ 25,577	$ 200

TOWN OF JOHNSON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Tax Anticipation Reserve	Audit Reserve	Emergency Management	Highway Policy Management	Community Development Loan	ARPA Grant	VDCP Grant	Total
REVENUES								
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ 437,000	$ 437,000
Charges for services	-	-	-	3,000	-	-	-	11,894
Investment earnings (net)	-	-	-	-	2,242	3,320	-	5,654
Other income	-	-	-	-	-	-	-	1,700
TOTAL REVENUES	-	-	-	3,000	2,242	3,320	437,000	456,248
EXPENDITURES								
Other	-	9,650	-	-	69	3,075	437,000	453,738
TOTAL EXPENDITURES	-	9,650	-	-	69	3,075	437,000	453,738
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(9,650)	-	3,000	2,173	245	-	2,510
OTHER FINANCING SOURCES (USES)								
Transfers in	20,000	-	6,101	-	-	-	-	63,506
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	20,000	-	6,101	-	-	-	-	63,506
NET CHANGE IN FUND BALANCES	20,000	(9,650)	6,101	3,000	2,173	245	-	66,016
FUND BALANCES - JULY 1, AS PREVIOUSLY REPORTED	290,780	56,573	58,382	-	278,236	317,856	-	1,086,578
FUND BALANCE CORRECTION	-	-	-	-	-	(318,101)	-	(318,101)
FUND BALANCES - JULY 1, AS RESTATED	290,780	56,573	58,382	-	278,236	(245)	-	768,477
FUND BALANCES - JUNE 30	$ 310,780	$ 46,923	$ 64,483	$ 3,000	$ 280,409	$ -	$ -	$ 834,493

See accompanying independent auditor’s report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

SCHEDULE G

TOWN OF JOHNSON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2023

	FLB Small Capital Equipment	Capital Equipment	Bridges and Culverts	Skatepark and Bike Reserve	Paving Reserve	Total
ASSETS						
Cash and cash equivalents	$ 93,095	$ 241,901	$ 97,265	$ 3,928	$ -	$ 436,189
Due from other funds	9,082	-	-	11,759	-	20,841
TOTAL ASSETS	$ 102,177	$ 241,901	$ 97,265	$ 15,687	$ -	$ 457,030
LIABILITIES						
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	102,177	241,901	97,265	15,687	-	457,030
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	102,177	241,901	97,265	15,687	-	457,030
TOTAL LIABILITIES AND FUND BALANCES	$ 102,177	$ 241,901	$ 97,265	$ 15,687	$ -	$ 457,030

See accompanying independent auditor’s report and notes to financial statements.

TOWN OF JOHNSON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	FLB Small Capital Equipment	Capital Equipment	Bridges and Culverts	Skatepark and Bike Reserve	Paving Reserve	Total
REVENUES						
Investment earnings (net)	$ 734	$ 1,083	$ 182	$ -	$ -	$ 1,999
TOTAL REVENUES	734	1,083	182	-	-	1,999
EXPENDITURES						
Capital outlay	-	1,978	-	-	163,681	165,659
TOTAL EXPENDITURES	-	1,978	-	-	163,681	165,659
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	734	(895)	182	-	(163,681)	(163,660)
OTHER FINANCING SOURCES (USES)						
Transfers in	29,081	-	-	3,889	-	32,970
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	29,081	-	-	3,889	-	32,970
NET CHANGE IN FUND BALANCES	29,815	(895)	182	3,889	(163,681)	(130,690)
FUND BALANCES - JULY 1	72,362	242,796	97,083	11,798	163,681	587,720
FUND BALANCES - JUNE 30	$ 102,177	$ 241,901	$ 97,265	$ 15,687	$ -	$ 457,030

See accompanying independent auditor’s report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the Town of Johnson, Vermont that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including provision for the maintenance of cemeteries in the Town of Johnson.

TOWN OF JOHNSON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2023

	Plot Cemetery CD	Total
ASSETS		
Investments	$ 20,819	$ 20,819
TOTAL ASSETS	$ 20,819	$ 20,819
LIABILITIES		
Due to other funds	$ -	$ -
TOTAL LIABILITIES	-	-
FUND BALANCES		
Nonspendable	-	-
Restricted	20,819	20,819
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	20,819	20,819
TOTAL LIABILITIES AND FUND BALANCES	$ 20,819	$ 20,819

See accompanying independent auditor’s report and notes to financial statements.

TOWN OF JOHNSON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Plot Cemetery CD	Total
REVENUES		
Investment earnings (net)	$ 52	$ 52
TOTAL REVENUES	52	52
EXPENDITURES		
Other	-	-
TOTAL EXPENDITURES	-	-
NET CHANGE IN FUND BALANCES	52	52
FUND BALANCES - JULY 1	20,767	20,767
FUND BALANCES - JUNE 30	$ 20,819	$ 20,819

See accompanying independent auditor’s report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

SCHEDULE K

TOWN OF JOHNSON, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2023

	Land and Non-depreciable Assets	Buildings, Land Improvements and Building Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	$ 785,728	$ 660,541	$ 51,751	$ -	$ 1,498,020
Highway	-	239,583	1,319,279	1,266,255	2,825,117
Recreation	-	49,860	-	-	49,860
Total General Capital Assets	785,728	949,984	1,371,030	1,266,255	4,372,997
Less: Accumulated Depreciation	-	(498,368)	(427,590)	(396,903)	(1,322,861)
Net General Capital Assets	$ 785,728	$ 451,616	$ 943,440	$ 869,352	$ 3,050,136

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JOHNSON, VERMONT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2023

	General Capital Assets 7/1/22	Additions	Deletions	General Capital Assets 6/30/23
General government	$ 1,494,945	$ 3,075	$ -	$ 1,498,020
Highway	2,605,470	424,139	(204,492)	2,825,117
Recreation	24,930	24,930	-	49,860
Total General Capital Assets	4,125,345	452,144	(204,492)	4,372,997
Less: Accumulated Depreciation	(1,384,934)	(142,419)	204,492	(1,322,861)
Net General Capital Assets	$ 2,740,411	$ 309,725	$ -	$ 3,050,136

See accompanying independent auditor's report and notes to financial statements.

RHR SMITH & COMPANY
Certified Public Accountants
Proven Expertise & Integrity

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*

Selectboard
Town of Johnson
Johnson, 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 Johnson, Vermont as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town of Johnson, Vermont's basic financial statements and have issued our report thereon dated July 6, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Johnson, Vermont'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 of Johnson, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Johnson, Vermont's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Johnson, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additionally, as part of obtaining reasonable assurance about whether the Town of Johnson, Vermont's financial statements are free of material misstatement, we considered the Town of Johnson, Vermont's internal controls. We did this for the purpose of determining our auditing procedures but not for the purpose of expressing an opinion on the effectiveness of the Town of Johnson, Vermont's internal control over financial reporting or compliance. We provided a separate letter reporting the results of our consideration of internal control to the management of the Town of Johnson, Vermont dated July 6, 2026.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
July 6, 2026