

**TOWN OF GROTON, VERMONT**  
**AUDIT REPORT AND FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

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# FOTHERGILL SEGALE & VALLEY

*Certified Public Accountants*



## INDEPENDENT AUDITOR'S REPORT

To the Selectboard  
Town of Groton  
Groton, Vermont

### **Report on the Financial Statements**

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Town of Groton, Vermont, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise a portion of the Town's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Basis for Adverse Opinion on Financial Statements as a Whole**

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Town's governmental activities have not been determined.

Management has chosen not to implement GASB Statement 68 "Accounting and Financial Reporting for Pensions." The primary objective of this statement is to improve financial reporting for pensions. Due to the above referenced omission of government-wide financial statements, there is no further financial effect on the reporting entity. The Town's financial statements do not disclose information required by GASB Statement 68. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

### **Adverse Opinion**

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on Financial Statements as a Whole" paragraphs, the financial statements referred to above do not present fairly the financial position of the Town of Groton, Vermont as of December 31, 2020, or the changes in financial position and the budgetary comparison for the General and Highway Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis and the Schedules of the Town's Proportionate Share of Net Pension Liability and the Town's Pension Contributions that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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 operations, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Groton, Vermont's basic financial statements. The accompanying combining and individual other governmental funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2021 on our consideration of the Town of Groton, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Respectfully submitted,

*Fothergill Segale & Valley, CPAs*

FOTHERGILL SEGALE & VALLEY, CPAs  
Montpelier, Vermont  
Vermont Public Accountancy License #110

August 5, 2021

TOWN OF GROTON, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020

	Major Funds			Nonmajor Funds Other	Totals
	General Fund	Highway Fund	Reserve Fund	Governmental Funds	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 468,929	\$ 0	\$ 438,624	\$ 132,453	\$ 1,040,006
Restricted cash	0	0	83,774	71,999	155,773
Investments	0	0	0	31,601	31,601
Restricted investments	0	0	0	21,823	21,823
Taxes, int. and penalty receivable, net of allow.	145,798	0	0	0	145,798
Due from school	21,424	0	0	0	21,424
Grants receivable	0	0	0	10,465	10,465
Accounts receivable	0	2,367	0	0	2,367
Inventory	0	19,187	0	0	19,187
Note receivable	610,000	0	0	0	610,000
Due from other funds	0	85,540	34,819	173	120,532
<b>Total assets</b>	<b>\$ 1,246,151</b>	<b>\$ 107,094</b>	<b>\$ 557,217</b>	<b>\$ 268,514</b>	<b>\$ 2,178,976</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 16,214	\$ 0	\$ 0	\$ 0	\$ 16,214
Due to other funds	105,023	0	0	15,509	120,532
<b>Total liabilities</b>	<b>121,237</b>	<b>0</b>	<b>0</b>	<b>15,509</b>	<b>136,746</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	117,629	0	0	0	117,629
Unavailable revenue - grants	0	0	0	395	395
Unavailable revenue - loans	610,000	0	0	0	610,000
<b>Total deferred inflows of resources</b>	<b>727,629</b>	<b>0</b>	<b>0</b>	<b>395</b>	<b>728,024</b>
<b>Fund Balances</b>					
Nonspendable	0	19,187	0	0	19,187
Restricted	0	0	83,774	93,822	177,596
Committed	0	0	473,443	0	473,443
Assigned	40,000	87,907	0	159,801	287,708
Unassigned	357,285	0	0	(1,013)	356,272
<b>Total fund balances</b>	<b>397,285</b>	<b>107,094</b>	<b>557,217</b>	<b>252,610</b>	<b>1,314,206</b>
<b>Total liabilities, deferred inflows of     resources and fund balances</b>	<b>\$ 1,246,151</b>	<b>\$ 107,094</b>	<b>\$ 557,217</b>	<b>\$ 268,514</b>	<b>\$ 2,178,976</b>

TOWN OF GROTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2020

	Major Funds			Other Governmental Funds	Totals
	General Fund	Highway Fund	Reserve Fund		
<b>Revenues</b>					
Property taxes	\$ 373,037	\$ 308,558	\$ 0	\$ 0	\$ 681,595
Delinquent tax penalties & interest	24,403	0	0	0	24,403
Intergovernmental	150,819	67,375	24,255	75,871	318,320
Fines, fees & licenses	10,779	0	0	0	10,779
Other charges for services	5,172	2,367	7,369	0	14,908
Donations	0	0	940	15,234	16,174
Investment income	1,706	0	1,004	1,389	4,099
Miscellaneous	19,160	0	0	1,085	20,245
<b>Total revenues</b>	<u>585,076</u>	<u>378,300</u>	<u>33,568</u>	<u>93,579</u>	<u>1,090,523</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government	299,369	0	10,093	84,919	394,381
Highways	0	313,372	983	0	314,355
Public works	91,849	0	7,796	0	99,645
Public safety	118,441	0	130	0	118,571
Appropriations	9,570	0	0	0	9,570
<b>Total current</b>	<u>519,229</u>	<u>313,372</u>	<u>19,002</u>	<u>84,919</u>	<u>936,522</u>
<b>Debt service:</b>					
Principal	17,284	0	0	0	17,284
Interest	3,037	0	0	0	3,037
<b>Total debt service</b>	<u>20,321</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,321</u>
<b>Capital outlays:</b>					
Highways	0	0	179,512	0	179,512
<b>Total capital outlays</b>	<u>0</u>	<u>0</u>	<u>179,512</u>	<u>0</u>	<u>179,512</u>
<b>Total expenditures</b>	<u>539,550</u>	<u>313,372</u>	<u>198,514</u>	<u>84,919</u>	<u>1,136,355</u>
<b>Excess Revenues (Expenditures)</b>	<u>45,526</u>	<u>64,928</u>	<u>(164,946)</u>	<u>8,660</u>	<u>(45,832)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of assets	0	0	15,000	0	15,000
Transfers in	0	0	185,884	0	185,884
Transfers out	(81,695)	(104,189)	0	0	(185,884)
<b>Total other financing sources (uses)</b>	<u>(81,695)</u>	<u>(104,189)</u>	<u>200,884</u>	<u>0</u>	<u>15,000</u>
<b>Net Change in Fund Balances</b>	(36,169)	(39,261)	35,938	8,660	(30,832)
<b>Fund Balances - January 1, 2020</b>	<u>433,454</u>	<u>146,355</u>	<u>521,279</u>	<u>243,950</u>	<u>1,345,038</u>
<b>Fund Balances - December 31, 2020</b>	<u>\$ 397,285</u>	<u>\$ 107,094</u>	<u>\$ 557,217</u>	<u>\$ 252,610</u>	<u>\$ 1,314,206</u>

TOWN OF GROTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - COMPARED TO BUDGET  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2020

EXHIBIT C

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 357,906	\$ 373,037	\$ 15,131
Delinquent taxes - penalty & interest	19,000	24,403	5,403
Intergovernmental	142,001	150,819	8,818
Fines, fees & licenses	7,890	10,779	2,889
Other charges for services	7,100	5,172	(1,928)
Investment income	2,000	1,706	(294)
Miscellaneous	14,000	19,160	5,160
Total revenues	<u>549,897</u>	<u>585,076</u>	<u>35,179</u>
<b>EXPENDITURES</b>			
General Government			
Administration			
Selectboard	7,654	7,647	7
Town Clerk	74,602	72,478	2,124
Town Treasurer	57,906	59,382	(1,476)
Office - Clerk & Treasurer	11,247	10,968	279
Delinquent tax collection	12,565	13,791	(1,226)
Town report	2,184	2,257	(73)
Elections	2,272	2,063	209
Listers	48,570	48,046	524
Insurance	11,951	11,891	60
Legal & professional	4,800	1,725	3,075
Dues	3,105	3,105	0
Short term interest & fees	150	105	45
Caledonia County tax	14,000	14,063	(63)
Total administration	<u>251,006</u>	<u>247,521</u>	<u>3,485</u>
Planning & Zoning			
Planning commission	671	337	334
Zoning	1,646	1,218	428
Total planning & zoning	<u>2,317</u>	<u>1,555</u>	<u>762</u>
Committees			
Recreation committee	1,875	926	949
Total committees	<u>1,875</u>	<u>926</u>	<u>949</u>
Other			
Cemeteries	9,478	9,290	188
Library	39,666	40,077	(411)
Total other	<u>49,144</u>	<u>49,367</u>	<u>(223)</u>
Total general government	<u>304,342</u>	<u>299,369</u>	<u>4,973</u>

TOWN OF GROTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - COMPARED TO BUDGET  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2020

EXHIBIT C

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Public Works</b>			
Town clock	450	450	0
Environment care	9,120	9,921	(801)
Streetlights	7,550	8,261	(711)
Community building	15,000	15,838	(838)
Town maintenance personnel	33,371	21,282	12,089
Tree warden	470	269	201
Miscellaneous	50,000	35,828	14,172
<b>Total public works</b>	<u>115,961</u>	<u>91,849</u>	<u>24,112</u>
<b>Public Safety</b>			
Animal control	600	622	(22)
Health Officer	699	538	161
Emergency Service - insurance	11,741	11,718	23
Emergency Service - general	33,959	33,557	402
FAST	30,775	17,794	12,981
Fire Dept.	37,611	28,461	9,150
Forest fire	1,808	2,494	(686)
First constable	17,091	15,957	1,134
Second constable	3,500	509	2,991
Cruiser	2,950	2,738	212
Constable - insurance	4,018	4,053	(35)
<b>Total public safety</b>	<u>144,752</u>	<u>118,441</u>	<u>26,311</u>
<b>Appropriations</b>			
Caledonia Home Health & Hospice	1,350	1,350	0
NEK Learning Services	200	200	0
NEK Human Services, Inc.	920	920	0
NEK Youth Services	200	200	0
NEK Council on Aging	700	700	0
Rural Community Transportation	800	800	0
Little Rivers Health Care	2,000	2,000	0
Green Up Vermont	100	100	0
Groton Lunches with Friends	2,400	2,400	0
Umbrella	650	650	0
Comm. Restorative Justice	250	250	0
<b>Total appropriations</b>	<u>9,570</u>	<u>9,570</u>	<u>0</u>
<b>Debt service</b>			
Principal	17,284	17,284	0
Interest	3,037	3,037	0
<b>Total debt service</b>	<u>20,321</u>	<u>20,321</u>	<u>0</u>
<b>Total expenditures</b>	<u>594,946</u>	<u>539,550</u>	<u>55,396</u>

TOWN OF GROTON, VERMONT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
 FUND BALANCE - COMPARED TO BUDGET  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2020

EXHIBIT C

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess Revenues (Expenditures)	<u>(45,049)</u>	<u>45,526</u>	<u>90,575</u>
Other Financing Sources (Uses)			
Transfers (out)	<u>(81,695)</u>	<u>(81,695)</u>	<u>0</u>
Total other financing sources (uses)	<u>(81,695)</u>	<u>(81,695)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ (126,744)</u>	<u>(36,169)</u>	<u>\$ 90,575</u>
Fund Balance - January 1, 2020		<u>433,454</u>	
Fund Balance - December 31, 2020		<u>\$ 397,285</u>	



TOWN OF GROTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - COMPARED TO BUDGET  
HIGHWAY FUND  
YEAR ENDED DECEMBER 31, 2020

EXHIBIT D

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 308,558	\$ 308,558	\$ 0
Intergovernmental revenue	64,000	67,375	3,375
Other charges for services	2,000	2,367	367
	<u>374,558</u>	<u>378,300</u>	<u>3,742</u>
<b>EXPENDITURES</b>			
Highways			
Wages and benefits	175,910	170,787	5,123
Insurance	19,982	21,712	(1,730)
Contracted work	11,200	9,781	1,419
Infrastructure	6,300	1,816	4,484
Materials	66,836	58,540	8,296
Operating expenses	23,600	18,592	5,008
Repairs and maintenance	25,000	14,140	10,860
Garage expenses	10,950	14,854	(3,904)
Public works	4,780	3,150	1,630
	<u>344,558</u>	<u>313,372</u>	<u>31,186</u>
Excess Revenues (Expenditures)	<u>30,000</u>	<u>64,928</u>	<u>34,928</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in (out)	(104,189)	(104,189)	0
	<u>(104,189)</u>	<u>(104,189)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ (74,189)</u>	<u>(39,261)</u>	<u>\$ 34,928</u>
Fund Balance - January 1, 2020		<u>146,355</u>	
Fund Balance - December 31, 2020		<u>\$ 107,094</u>	

TOWN OF GROTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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

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

The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

The Town's management has elected to present only the financial statements of the major funds and the aggregate remaining fund information, which is not in conformity with generally accepted accounting principles, specifically GASB 34 and GASB 37. Therefore, government-wide financial statements that include accounting for capital assets and notes payable are not included in the financial statements.

*Reporting Entity*

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity are set forth in GASB 14 as amended by GASB 39, and Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards. Based on the criteria, the Town has no component units.

*Basis of Accounting*

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

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

*Basic Financial Statements - Fund Financial Statements*

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

The Town's major funds consist of the General Fund, the Highway Fund and the Reserve Fund. The non-major funds of the Town consist of the Cemetery Fund, Library Fund, Grant Fund, Food Shelf Fund and the FAST Fund. The General Fund is the main operating fund of the

TOWN OF GROTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020  
(Continued)

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

Town. The Highway Fund accounts for activities of the Highway Department. The Reserve Fund includes amounts set aside for capital expenditures and other expenditures that are not incurred on an annual basis.

*Fund Equity*

GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balances - Indicates the portion of fund equity that cannot be spent due to their form (e.g. inventories, prepaids and long-term receivables) or funds that legally or contractually must be maintained intact.

Restricted fund balances - Indicates the portion of fund equity that is mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation (e.g. federal and state grants, bondholders, trust and trustee accounts).

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

Assigned fund balances - Indicates the portion of fund equity that is set aside with the intent to be used for a specific purpose by the Selectboard. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balances - Indicates the portion of fund equity that has not been classified in the previous four categories. All funds in this category are considered spendable resources. This category provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

For the classification of governmental fund balances, the Town does not have a formal policy regarding which classification should be reduced first when more than one classification is available. However, the Town has generally considered an expenditure to be made from the most restrictive first when more than one classification is available.

*Deferred Inflows of Resources*

The Town has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which reports a separate section for deferred inflows of resources in the Town's governmental funds. This separate financial statement element reflects an increase in net position that applies to a future period(s). The Town will recognize the related revenues when a future event occurs. The Town has two items which occur because governmental fund revenues are not recognized until available (collected not later than sixty days after the end of the Towns' fiscal year for property taxes, and six months for all other revenues) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable property tax revenue (formerly deferred property taxes), and long-term loan receivables are reported in the governmental funds balance sheet.

TOWN OF GROTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020  
(Continued)

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

*Cash and Cash Equivalents*

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

*Investments*

Investments are recorded at fair value. Unrealized gains and losses in the value of investments are included in investment income revenue.

*Accounts Receivable*

The Town has not recorded an allowance for doubtful accounts. Management estimates that all receivables are collectible.

*Prepaid Expenses*

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

*Inventory*

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

*Budgetary Accounting*

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

The Town is not legally required to adopt a budget for funds other than the General Fund and the Highway Fund. Therefore, a budgetary comparison is not presented for those funds.

*Interfund Activities*

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the year are referred to as either "due to/from other funds" (i.e., the current portion) or "advances to/from other funds" (i.e., the non-current portion).

TOWN OF GROTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020  
(Continued)

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

*Use of Estimates*

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. As of December 31, 2020, the Town’s bank balances were exposed to custodial credit risk as follows:

	Bank Balance
Insured by FDIC	\$ 460,444
Uninsured, collateralized by securities held by the pledging financial institution	795,743
Total	\$ 1,256,187

*Investments*

*Credit Risk – investments.* The Town does not have a formal investment policy that limits its investment choices. Investments at December 31, 2020 are recorded at cost and are as follows:

	Cost	Fair Value	Unrealized Gain/(Loss)
CD	\$ 31,601	\$ 31,601	\$ 0
Mutual funds	11,309	21,823	10,514
Total	\$ 42,910	\$ 53,424	\$ 10,514

*Fair Value Measurements* – All of the Town’s investments are considered Level 1 inputs, which are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at Level 1 fair value generally are securities listed in active markets. The Town has valued their investments listed on national exchanges at the last sales price as of the day of valuation using the market valuation approach.

*Concentration of Credit Risk* – The Town places no limit on the amount the Town may invest in any one issuer.

TOWN OF GROTON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020  
 (Continued)

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

*Interest Rate Risk* – 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 increasing interest rates.

**NOTE 3 - PROPERTY TAXES AND ABATEMENTS**

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

*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 2020, the amount of Town property taxes forgone as a result of the Current Use Program was approximately \$46,000. 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 4 - INTERFUND ACTIVITY**

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them in accordance with budgetary authorizations. Transfers in 2020 consisted of the following:

	Transfer in	Transfer out
General Fund	\$ 0	\$ 81,695
Highway Fund	0	104,189
Reserve Fund	185,884	0
	\$ 185,884	\$ 185,884

TOWN OF GROTON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020  
 (Continued)

**NOTE 4 - INTERFUND ACTIVITY (Continued)**

The composition of due from (to) other funds at December 31, 2020 are as follows:

	Due from other funds	Due to other funds
General Fund	\$ 0	\$ 105,023
Highway Fund	85,540	0
Cemetery Fund	173	0
Library Fund	0	4,258
Reserve Fund	34,819	0
Food Shelf Fund	0	168
Grant Fund	0	11,083
	\$ 120,532	\$ 120,532

**NOTE 5 - RECEIVABLES**

Receivable balances as of December 31, 2020 were as follows:

Delinquent taxes, penalty & interest receivable	\$ 145,798
Due from School	21,424
Highway plowing	2,367
	\$ 169,589

**NOTE 6 – LOANS AND NOTES RECEIVABLE**

The Town has a non-interest bearing loan receivable from Groton Community Housing, L.P. for \$610,000 due May 2035. The note is secured by a mortgage on real property.

**NOTE 7 – UNAVAILABLE REVENUE**

Unavailable revenue in the General Fund of \$610,000 consist of loan repayments to be received in future years and \$117,629 for property taxes not received within sixty days after year end.

**NOTE 8 - SHORT-TERM DEBT**

In January 2020, the Town signed a tax anticipation note from Union Bank for \$300,000 with an interest rate of 2.2%, due December 31, 2020. The Town did not draw any funds on the note during the year.

TOWN OF GROTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020  
(Continued)

**NOTE 9 - LONG-TERM LIABILITIES**

Long-term liabilities at December 31, 2020 consisted of the following:

Lease payable to Municipal Leasing Consultants for fire truck. Annual principal and interest payments of \$20,321 due through March 2024. Interest at 3.29%.	\$ 75,013
Amount due within one year	<u>(17,853)</u>
Amount due after one year	<u><u>\$ 57,160</u></u>

Long-term debt will mature approximately as follows:

	Principal	Interest	Total
2021	\$ 17,853	\$ 2,468	\$ 20,321
2022	18,440	1,880	20,320
2023	19,047	1,274	20,321
2024	19,673	647	20,320
Total	<u><u>\$ 75,013</u></u>	<u><u>\$ 6,269</u></u>	<u><u>\$ 81,282</u></u>

The following is a summary of changes of long-term liabilities for the year ended December 31, 2020:

Balance at December 31, 2019	\$ 92,297
Principal payments	<u>(17,284)</u>
Balance at December 31, 2020	<u><u>\$ 75,013</u></u>

Interest of \$3,037 was paid on long-term debt in 2020.



TOWN OF GROTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020  
(Continued)

**NOTE 10 – FUND BALANCES**

The fund balances other than amounts unassigned are as follows:

	Nonspendable Fund Balance	Restricted Net Position & Fund Balance	Committed Fund Balance	Assigned Fund Balance
Highway operations	\$ 0	\$ 0	\$ 0	\$ 87,907
Highway inventory	19,187	0	0	0
Budgeted for 2021 General Fund exp.	0	0	0	40,000
Community building improv.	0	0	90,403	0
Emergency services - bldg	0	0	40,237	0
Emergency services - vehicles	0	0	69,069	0
Recreation	0	0	13,190	0
Town Emergency	0	0	11,737	0
Emergency Service Durable Equip.	0	0	31,537	0
Professional fees	0	0	3,125	0
Highway equipment	0	0	126,410	0
Highway paving	0	0	8,056	0
Highway infrastructure	0	0	72,242	0
Sidwalk	0	0	2,487	0
Constable durable equipment	0	0	4,950	0
Reappraisal	0	47,196	0	0
Records restoration	0	36,578	0	0
Cemeteries	0	10,559	0	109,117
Library	0	70,974	0	50,684
Food Shelf	0	11,675	0	0
FAST	0	614	0	0
Totals	<u>\$ 19,187</u>	<u>\$ 177,596</u>	<u>\$ 473,443</u>	<u>\$ 287,708</u>

**NOTE 11 - PENSION PLAN**

*Vermont Municipal Employees' Retirement System*

The employees of the Town of Groton, Vermont are eligible for coverage by the Vermont Municipal Employees' Retirement System (VMERS). VMERS is a cost sharing multiple-employer public employees' retirement system. Vermont State statutes provide the authority under which benefit provisions and the obligation to contribute are established. The Town and the employees make required contributions to the System based upon a valuation report prepared by the System's actuary.

The Town participates in Group A. Employee contributions were 2.75% of gross pay through 6/30/20 and 3% effective 7/1/20 and employer contributions are 4.25% of gross pay through 6/30/20 and 4.5% effective 7/1/20.

Of the Town's total payroll of \$324,215, \$215,412 was covered under the Vermont Municipal Employees' Retirement System. Total employer contributions to the Vermont Municipal Employees' Retirement Plan were \$9,433 for 2020.

TOWN OF GROTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020  
(Continued)

**NOTE 11 - PENSION PLAN (Continued)**

The State of Vermont issues an audited Financial Report that includes financial statements and required disclosures. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

**NOTE 12 - RISK MANAGEMENT**

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

**NOTE 13 - CONTINGENCY**

The Town participates in state grant programs that are subject to audits by the grantors or their representatives. The audits of these programs for or including the year ended December 31, 2020 have not yet been reviewed by the grantor agencies. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 5, 2021, the date which the financial statements were available for issue.

In January, 2021, the Town signed a \$174,000 tax anticipation note with Union Bank at a rate of 1.10%, due December 31, 2021. As of August 5, 2021, no funds have been drawn on the note.

TOWN OF GROTON, VERMONT  
 COMBINING AND INDIVIDUAL FUND BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS  
 DECEMBER 31, 2020

	Special Revenue Funds					Total
	Cemetery Fund	Library Fund	Grant Fund	Food Shelf Fund	FAST Fund	
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 108,944	\$ 23,341	\$ 0	\$ 168	\$ 0	\$ 132,453
Restricted cash	10,559	49,151	0	11,675	614	71,999
Investments	0	31,601	0	0	0	31,601
Restricted investments	0	21,823	0	0	0	21,823
Grants receivable	0	0	10,465	0	0	10,465
Due from other funds	173	0	0	0	0	173
Total assets	<u>\$ 119,676</u>	<u>\$ 125,916</u>	<u>\$ 10,465</u>	<u>\$ 11,843</u>	<u>\$ 614</u>	<u>\$ 268,514</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>						
<b>LIABILITIES</b>						
Due to other funds	\$ 0	\$ 4,258	\$ 11,083	\$ 168	\$ 0	\$ 15,509
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - grants	0	0	395	0	0	395
<b>FUND BALANCES (DEFICIT)</b>						
Restricted	10,559	70,974	0	11,675	614	93,822
Assigned	109,117	50,684	0	0	0	159,801
Unassigned	0	0	(1,013)	0	0	(1,013)
Total fund balances (deficit)	<u>119,676</u>	<u>121,658</u>	<u>(1,013)</u>	<u>11,675</u>	<u>614</u>	<u>252,610</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 119,676</u>	<u>\$ 125,916</u>	<u>\$ 10,465</u>	<u>\$ 11,843</u>	<u>\$ 614</u>	<u>\$ 268,514</u>

TOWN OF GROTON, VERMONT  
 COMBINING AND INDIVIDUAL FUND SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES (DEFICIT)  
 OTHER GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds					Total
	Cemetery Fund	Library Fund	Grant Fund	Food Shelf Fund	FAST Fund	
REVENUES						
Intergovernmental	\$ 0	\$ 0	\$ 75,871	\$ 0	\$ 0	\$ 75,871
Donations	0	8,440	0	6,694	100	15,234
Investment income	49	1,336	0	4	0	1,389
Other	1,075	0	0	0	10	1,085
Total revenues	1,124	9,776	75,871	6,698	110	93,579
EXPENDITURES	369	3,281	75,871	5,398	0	84,919
EXCESS REVENUES (EXPENDITURES)	755	6,495	0	1,300	110	8,660
FUND BALANCES (DEFICIT) - January 1, 2020	118,921	115,163	(1,013)	10,375	504	243,950
FUND BALANCES (DEFICIT) - December 31, 2020	<u>\$ 119,676</u>	<u>\$ 121,658</u>	<u>\$ (1,013)</u>	<u>\$ 11,675</u>	<u>\$ 614</u>	<u>\$ 252,610</u>

# FOTHERGILL SEGALE & VALLEY

*Certified Public Accountants*



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

To the Selectboard  
Town of Groton, Vermont

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Town of Groton, Vermont, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise a portion of the Town's basic financial statements and have issued our report thereon dated August 5, 2021. We issued an adverse opinion due to management not presenting government-wide financial statements and not implementing GASB 68 related to pension disclosures.

### **Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Respectfully submitted,

*Fothergill Segale & Valley, CPAs*

FOTHERGILL SEGALE & VALLEY, CPAs  
Montpelier, Vermont  
Vermont Public Accountancy License #110

August 5, 2021