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TOWN OF GEORGIA, VERMONT
Statement of Net Position - Modified Cash Basis
December 31, 2019

	<u>Governmental Activities</u>
Assets	
Cash	\$ 1,519,217
Total assets	<u>\$ 1,519,217</u>
Liabilities	
Due to school district	\$ 242,340
Due to others	17,686
Total liabilities	<u>260,026</u>
Deferred inflows of resources	
Prepaid taxes	<u>375</u>
Net Position	
Restricted	893,973
Unrestricted	364,843
Total net position	<u>1,258,816</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,519,217</u>

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

TOWN OF GEORGIA, VERMONT
Statement of Activities - Modified Cash Basis
Year Ended December 31, 2019

Function/Programs	Cash		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Disbursements	Charges for Services	Operating Grants	Governmental Activities	
Governmental activities					
General government	\$ 909,827	\$ 237,498	\$ -	\$ (672,329)	
Public safety	360,967	5,930	-	(355,037)	
Public works	726,190	1,443	165,362	(559,385)	
Culture and recreation	171,229	3,268	1,783	(166,178)	
Debt service:					
Principal	190,531	-	-	(190,531)	
Interest	33,387	-	-	(33,387)	
Total governmental activities	<u>2,392,131</u>	<u>248,139</u>	<u>167,145</u>	<u>(1,976,847)</u>	
General receipts					
Real property taxes				1,767,763	
Penalties and interest on delinquent taxes				33,368	
State sources, not restricted to specific programs				98,102	
Investment earnings				3,773	
Impact fees				31,365	
Loan proceeds				145,500	
Proceeds from sale of equipment				46,000	
Miscellaneous				20,685	
Total general receipts				<u>2,146,556</u>	
Change in net position				169,709	
Net position - beginning of year				1,089,107	
Net position - end of year				<u>\$ 1,258,816</u>	

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

TOWN OF GEORGIA, VERMONT
Balance Sheet - Modified Cash Basis - Governmental Funds
December 31, 2019

	<u>General</u>	<u>Reappraisal</u>	<u>Capital Projects</u> <u>Highway</u> <u>Reserve</u>	<u>Paving</u> <u>Escrow</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets						
Cash	\$ 405,572	\$ 219,672	\$ 159,508	\$ 262,309	\$ 472,156	\$ 1,519,217
Due from other funds	-	-	-	-	12,945	12,945
Total assets	<u>\$ 405,572</u>	<u>\$ 219,672</u>	<u>\$ 159,508</u>	<u>\$ 262,309</u>	<u>\$ 485,101</u>	<u>\$ 1,532,162</u>
Liabilities						
Due to school district	\$ 242,340	\$ -	\$ -	\$ -	\$ -	\$ 242,340
Due to other funds	12,945	-	-	-	-	12,945
Due to others	17,686	-	-	-	-	17,686
Total liabilities	<u>272,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,971</u>
Deferred inflows of resources						
Prepaid taxes	<u>375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375</u>
Fund balance						
Restricted	-	-	159,508	262,309	281,208	703,025
Committed	-	-	-	-	190,948	190,948
Assigned	138,183	219,672	-	-	12,945	370,800
Unassigned	<u>(5,957)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,957)</u>
Total fund balance	<u>132,226</u>	<u>219,672</u>	<u>159,508</u>	<u>262,309</u>	<u>485,101</u>	<u>1,258,816</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 405,572</u>	<u>\$ 219,672</u>	<u>\$ 159,508</u>	<u>\$ 262,309</u>	<u>\$ 485,101</u>	<u>\$ 1,532,162</u>

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

TOWN OF GEORGIA, VERMONT
Statement of Cash Receipts, Cash Disbursements and Changes in
Modified Cash Basis Fund Balance - Governmental Funds
Year Ended December 31, 2019

	<u>General</u>	<u>Reappraisal</u>	<u>Capital Projects</u> <u>Highway</u> <u>Reserve</u>	<u>Paving</u> <u>Escrow</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Cash Receipts						
Property taxes	\$ 1,767,763	\$ -	\$ -	\$ -	\$ -	\$ 1,767,763
Penalties and interest on delinquent taxes	33,368	-	-	-	-	33,368
Intergovernmental	266,689	-	-	-	-	266,689
Charges for services	163,574	-	-	-	-	163,574
Permits, licenses, and fees	72,183	-	-	-	36,375	108,558
Fines and forfeitures	5,930	-	-	-	-	5,930
Investment income	2,279	352	269	5	868	3,773
Miscellaneous	20,685	-	-	-	-	20,685
Total cash receipts	<u>2,332,471</u>	<u>352</u>	<u>269</u>	<u>5</u>	<u>37,243</u>	<u>2,370,340</u>
Cash Disbursements						
General government	909,827	-	-	-	-	909,827
Public safety	360,967	-	-	-	-	360,967
Public works	726,190	-	-	-	-	726,190
Culture and recreation	171,229	-	-	-	-	171,229
Debt service:						
Principal	190,531	-	-	-	-	190,531
Interest	33,387	-	-	-	-	33,387
Total cash disbursements	<u>2,392,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,392,131</u>
Excess (deficiency) of cash receipts over cash disbursements	<u>(59,660)</u>	<u>352</u>	<u>269</u>	<u>5</u>	<u>37,243</u>	<u>(21,791)</u>
Other financing source (uses)						
Loan proceeds	145,500	-	-	-	-	145,500
Proceeds from sale of equipment	-	-	-	-	46,000	46,000
Transfers in	215,089	15,960	80,000	192,000	112,000	615,049
Transfers out	(410,811)	-	(86,887)	-	(117,351)	(615,049)
Total other financing sources (uses)	<u>(50,222)</u>	<u>15,960</u>	<u>(6,887)</u>	<u>192,000</u>	<u>40,649</u>	<u>191,500</u>
Change in fund balance	(109,882)	16,312	(6,618)	192,005	77,892	169,709
Fund balance - beginning of year	<u>242,108</u>	<u>203,360</u>	<u>166,126</u>	<u>70,304</u>	<u>407,209</u>	<u>1,089,107</u>
Fund balance - end of year	<u>\$ 132,226</u>	<u>\$ 219,672</u>	<u>\$ 159,508</u>	<u>\$ 262,309</u>	<u>\$ 485,101</u>	<u>\$ 1,258,816</u>

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

TOWN OF GEORGIA, VERMONT

Notes to the Financial Statements

The Town of Georgia, Vermont (the "Town") operates under a Selectboard form of government and provides the following services: public safety, highways and streets, health and social services, culture and recreation, community/economic development, public improvements, planning and zoning, and general administrative services.

Note 1. Summary of Significant Accounting Policies

As discussed further in Note 1.d., these financial statements are prepared on the modified cash basis of accounting. This basis of accounting differs from accounting generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of the financial statements.

a) Reporting Entity

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

b) Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, receipts, and disbursements. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole. The focus on the fund financial statements is on reporting the operating results and financial position of the most significant funds of the Town.

TOWN OF GEORGIA, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

b) Basis of Presentation (continued)

Government-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the primary government, the Town. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Adjustments have been made to minimize the effect of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions.

The Statement of Activities presents a comparison between direct disbursements and program receipts for each function of the Town's governmental activities. Direct disbursements are those that are specifically associated with and are clearly identifiable to a particular function. Program receipts include charges paid by the recipients of good or services offered by the programs, and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Receipts that are not classified as program revenues, including all taxes, are presented as general revenues.

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

Fund Financial Statements

The fund financial statements provide information about the Town's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a sperate column. All remaining funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

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

Highway Reserve – This fund is used to account for highway capital expenditures not including paving and bridge work as the Town determines appropriate.

Reappraisal Fund – This fund accounts for the reappraisal activity of the Town.

Paving Escrow – This fund is used to account for expenditures for paving projects.

c) Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. Equity (i.e. modified cash basis net position) is segregated into restricted and unrestricted net position. Operating statements present increases (i.e. receipts) and decrease (i.e. disbursements) in modified cash basis of net position.

TOWN OF GEORGIA, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

c) Measurement Focus (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus within the modified cash basis of accounting. Their reported fund balances (modified cash basis fund balances) are considered a measure of available spendable resources and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., receipts and other financing sources) and decreases (i.e., disbursements and other financing uses) in modified cash basis fund balance.

d) Basis of Accounting

Basis of accounting refers to when revenues and expenditures 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.

The Town's policy is to prepare its financial statements generally on the basis of cash receipts and disbursements; consequently, certain revenue and related assets are recognized when received rather than when earned and certain expenditures and related liabilities are recognized when paid rather than when the obligation is incurred. The exceptions to this are that the Town records investments at cost, amounts due to the School District for education taxes and amounts due to others for resources held for reclamation work under surety agreement with local business as liabilities and prepaid property taxes as deferred inflows of resources.

General capital asset acquisitions are reported as expenditures. Proceeds of general long-term debt are reported as other financing sources.

e) Cash and Cash Equivalents

Cash balances of Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of 90 days or less to be cash equivalents.

f) Internal Transactions

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

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

Refer to Note 4 or a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

g) Net Position/Governmental Fund Balance

In the government-wide financial statements, net position is classified in the following categories:

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

TOWN OF GEORGIA, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

g) Net Position/Governmental Fund Balance (continued)

Unrestricted net position – This category includes both designated and undesignated net position of the Town. Designated net position includes reserves that were established by the Board, which are considered internally designated. Undesignated net position is not restricted for any project or purpose.

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

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Town had prepaid insurance of \$0 in non-spendable fund balance at December 31, 2019.

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Town has the following restricted fund balances as of December 31, 2019:

Capital projects funds:

Restricted for highway expenditures by statute – designated for highway equipment expenditures	159,508
Restricted for highway expenditures by statute – designated for paving expenditures	262,309
Restricted for highway expenditures by statute – designated for bridge expenditures	144,642

Special revenue funds:

Restricted for capital improvements by ordinances	101,340
Restricted for records preservation by Statute	35,226

Total restricted fund balance \$ 703,025

Committed – Includes amounts that can only be used for the specific purpose pursuant to constraints imposed by formal action of the Town's highest level of decision making authority, i.e., the legal voters of the Town. The Town has the following committed fund balance as of December 31, 2019:

Capital projects funds:

Committed for fire department capital expenditures by the voters	\$ 84,545
Committed for first response capital expenditures by the voters	5,168
Committed for library capital expenditures by the voters	207
Committed for conservation capital expenditures by the voters	<u>101,028</u>

Total committed fund balance \$ 190,948

TOWN OF GEORGIA, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

g) Net Position/Governmental Fund Balance (continued)

Assigned – Includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. All encumbrances and appropriated fund balances of the General Fund are classified as assigned. The Town has the following assigned fund balance as of December 31, 2019:

General Fund:	
Assigned to reduce property taxes in fiscal year 2020	\$ 105,000
Assigned for administrative reserve fund expenditures	3,079
Assigned for planning reserve fund expenditures	964
Assigned for conservation commission expenditures	29,140
Capital projects funds:	
Assigned for parks and recreation capital expenditures	12,945
Special revenue funds:	
Assigned for reappraisal expenditures	<u>219,672</u>
Total assigned fund balance	\$ <u>370,800</u>

Unassigned – Includes all other General Fund net position that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town.

Order of use of fund balance:

The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes determined. Any remaining fund balance amounts for funds other than the General Fund are classified as assigned fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned.

h) Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report taxes paid in advance as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 2. Stewardship, Compliance, and Accountability

a) Budgetary Information

Budget are approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget changes during the year. the budget presented herein is for the Towns "General Fund" only and does not include the Administrative Reserve Fund, the Planning Reserve Fund and the Conservation Commission Fund activities that are included with the General Fund, as they do not qualify to be reported as separate special revenue funds.

TOWN OF GEORGIA, VERMONT

Notes to Financial Statements

Note 2. Stewardship, Compliance, and Accountability (continued)

b) Budgeted Deficits

The Town has elected to budget cash disbursements in excess of cash receipts by \$150,000 in the General Fund in order to utilize a portion of the prior year's surpluses. This is reflected as a current year's budgeted deficiencies of cash receipts over cash disbursements in the budgetary comparison schedule.

c) Budget/Modified Cash Basis of Accounting Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from modified cash basis of accounting. Therefore, in addition to the modified cash basis of accounting financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to the budgetary data.

The following is a summary of adjustments made to the actual cash receipts and disbursements to conform to the budgetary basis of accounting.

The following are summaries of adjustments made to the actual cash receipts and disbursements to conform to the budgetary basis of accounting.

General fund:		
Total cash receipts (modified cash basis)	\$	2,332,471
Add: transfers in		209,783
loan proceeds		145,500
Less: conservation commission fund revenue		(65)
planning reserve fund revenue		(3)
administrative reserve fund revenue		(21)
Total cash receipts - budgetary basis	\$	<u>2,687,665</u>
 Total cash disbursements (modified cash basis)	\$	 2,392,131
Add: transfers out		405,266
Total cash disbursements budgetary basis	\$	<u>2,797,397</u>

Note 3. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's aggregate bank balance included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$	250,000
Collateralized securities held by the pledging financial institution, or its trust department or agent, but not in the Town's name	\$	1,269,219

TOWN OF GEORGIA, VERMONT

Notes to Financial Statements

Note 4. Interfund Balances and Activity

Interfund balances and activity at December 31, 2019 and for the fiscal year then ended, were as follows:

Fund	Interfund	
	Receivable	Payable
General Fund	\$ -	\$ 12,945
Highway	-	-
Reappraisal	-	-
Paving	-	-
Special Revenue	12,945	-
Total	\$ 12,945	\$ 12,945

Transfer from	Transfer to	Amount	Purpose
Impact fee fund	General fund	\$ 25,439	Fund capital expenditures
Fire department reserve fund	General fund	83,077	Fund capital expenditures
General fund	Fire department reserve fund	80,000	Appropriation
First response reserve fund	General fund	2,653	Fund capital expenditures
General fund	First response reserve fund	2,000	Appropriation
Parks and recreation reserve fund	General fund	4,552	Fund capital expenditures
General fund	Conservation reserve fund	20,000	Appropriation
Highway reserve fund	General fund	86,887	Fund capital expenditures
General fund	Highway reserve fund	80,000	Appropriation
General fund	Bridge reserve fund	10,000	Appropriation
Record preservation fund	General fund	1,630	Fund preservation expenses
General fund	Reappraisal fund	15,960	Transfer state reappraisal income
General fund	Paving reserve fund	70,000	Appropriation
General fund	Paving reserve fund	122,000	Transfer of budgeted expense amount unspent
Administrative reserve fund	General fund	5,545	Fund capital expenditures
General fund	Conservation reserve fund	5,303	Appropriation
Total		\$ 615,049	

Note 5. Long-term Bonds Payable

Long-term debt: Long-term liability balances and activity for the year are summarized below:

	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019
Governmental Activities				
Bonds payable	\$ 840,000	\$ -	\$ 70,000	\$ 770,000
Notes payable	468,939	145,500	120,520	493,919
Total	\$ 1,308,939	\$ 145,500	\$ 190,520	\$ 1,263,919

TOWN OF GEORGIA, VERMONT

Notes to Financial Statements

Note 5. Long-term Bonds Payable (continued)

Bonds and notes payable are comprised of the following:

Description	Issue Date	Maturity Date	Interest Rate	Balance December 31, 2019
Bonds payable:				
Fire station	7/1/10	12/1/30	1.03-3.43%	\$ 770,000
Notes payable:				
MEC Expansion	11/16/11	11/1/21	3.00%	23,004
Highway Tandem	6/30/16	11/1/20	1.35%	16,602
Air pack Loan	11/30/16	11/1/20	1.50%	26,000
E-One Loan	12/26/18	12/1/23	2.35%	282,813
Highway Tandem	6/24/19	6/30/24	2.00%	65,500
Gilmond Land	12/19/19	12/1/24	2.35%	80,000
Total notes payable				493,919
Total bonds and notes payable				1,263,919
Less: current portion				(220,620)
Long-term portion				\$ 1,043,299

The debt service requirements at December 31, 2019 for the next five years and thereafter are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2020	\$ 220,620	\$ 35,818	\$ 256,438
2021	180,231	30,760	210,991
2022	170,567	25,970	196,537
2023	172,668	21,492	194,160
2024	99,833	16,966	116,799
2025-2029	350,000	47,725	397,725
2030-2034	70,000	2,398	72,398
	\$ 1,263,919	\$ 181,129	\$ 1,445,048

Note 6. Pensions

Summary of significant accounting policies

Pensions

For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pensions expense information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS), and additions to/deductions from VMERS's fiduciary net position has been determined on the same basis as they are reported by VMERS.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF GEORGIA, VERMONT

Notes to Financial Statements

Note 6. Pensions (continued)

General information about the pension plan

Plan Description

VMERS is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee fired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2018, the retirement plan consisted of 402 participating employers. The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives—one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Summary of system provisions

Membership	Full-time employees of participating municipalities. Municipality elects coverage under Group A, B, C, or D provisions.
Creditable Service	Service as a member plus purchased service.
Average Final Compensation (AFC)	Group A – average annual compensation during the highest 5 consecutive years. Group B and C – average annual compensation during highest 3 consecutive years. Group D – average annual compensation during highest 2 consecutive years.
Service Retirement Allowance	
Eligibility	Group A – the earlier of age 65 with 5 years of service or age 55 with 35 years of service. Group B – the earlier of age 62 with 5 years of service or age 55 with 30 years of service. Group C and D – age 55 with 5 years of service.

TOWN OF GEORGIA, VERMONT

Notes to Financial Statements

Note 6. Pensions (continued)

Summary of system provisions (continued)

Amount	Group A – 1.4% of AFC x service. Group B – 1.7% of AFC x service as Group B member plus percentage earned as a group A member x AFC. Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC. Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B, or C member x AFC. Maximum benefit is 60% of AFC for Group A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.
Early Retirement Allowance	
Eligibility	Age 55 with 5 years of service for Group A and B; age 50 with 20 years of service for Group D.
Amount	Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Group A and B members, and payable without reduction to Group D members.
Vested Retirement Allowance	
Eligibility	5 years of service.
Amount	Allowance beginning at normal retirement aged based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.
Disability Retirement Allowance	
Eligibility	5 years of service and disability as determined by Retirement Board.
Amount	Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

TOWN OF GEORGIA, VERMONT

Notes to Financial Statements

Note 6. Pensions (continued)

Summary of system provisions (continued)

Death Benefits

Eligibility	Death after 5 years of service.
Amount	For Groups A, B, and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.
Optional Benefit and Death After Retirement	For Group A, B, and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.
Refund of Contribution	Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.
Post-Retirement Adjustments	Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but not more than 2% for Group A and 3% for Groups B, C, and D.
Member Contributions	Group A – 2.75% Group B – 5.125% Group C – 10.25% Group D – 11.600%
Employer Contributions	Group A – 4.25% Group B – 5.75% Group C – 7.50% Group D – 10.100%
Retirement Stipend	\$25 per month payable at the option of the Board of Retirees

Pension liabilities, pension expense, and deferred outflows of resources, and deferred inflows of resources related to pensions

At December 31, 2019 the Town's net pension liability is \$246,527. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2018 the Town's portion was 0.17520%, which was a decrease of 0.00674% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2019 the Town recognized pension expense of \$66,922.

TOWN OF GEORGIA, VERMONT

Notes to Financial Statements

Note 6. Pensions (continued)

At December 31, 2019 the Town incurred deferred outflows and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 21,413	\$ 3,942
Changes of assumptions	27,300	-
Net difference between projected and actual earnings on pension plan investments	28,572	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	223	9,076
	<u>77,508</u>	<u>13,018</u>
Total	\$ 77,508	\$ 13,018

The Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows or resources related to pensions will be recognized in pension expense as follows:

Year ended:	
2019	\$ 43,749
2020	14,230
2021	1,612
2022	4,900
Total	<u>\$ 64,491</u>

Employer contribution history for the Town as of June 30, 2018 is as follows:

FY 18	\$ 30,695
FY 17	29,712
FY 16	29,589

Significant actuarial assumptions and methods

Investment rate of return: 7.50%, net of pension plan investment expense, including inflation.

Salary increase: 5.00% per year.

Mortality:

Death in active service:

Group A, B, and C – 98% of RP-2006 blended 60% Blue Collar Employee, 40% Healthy Employee with generational improvements.

TOWN OF GEORGIA, VERMONT

Notes to Financial Statements

Note 6. Pensions (continued)

Group D – RP-2006 Blue Collar Annuitant Table with generational improvements.

Healthy post-retirement:

Group A, B, and C – 98% of RP-2014 blended 60% Blue Collar Employee, 40% Healthy Annuitant with generational improvements.

Group D – 100% of RP-2014 Healthy Annuitant with generational improvements.

Disabled post-retirement

All groups – RP-2006 Disabled Mortality Table with generational improvements.

Spouse's age: Females three years younger than males.

Cost-of-living adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.15% per annum for Group A members and 1.30% per annum for Groups B, C, and D members.

Actuarial cost method: Entry age normal cost method.

Asset valuation method: Invested assets are reported at fair value.

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

Inflation: 2.50%.

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

Best estimates of arithmetic rates of return for each major class included in the target asset allocation at June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected
US equity	18.0%	6.10%
Non-US equity	16.0	7.45
Global equity	9.0	6.74
Fixed income	26.0	2.25
Real estate	8.0	5.11
Private markets	15.0	7.60
Hedge funds	8.0	3.86
Total	100.0%	

TOWN OF GEORGIA, VERMONT

Notes to Financial Statements

Note 6. Pensions (continued)

Discount rate

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

Sensitivity of the employer's 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 of 7.50%, as well as what the proportionate share would be if it were calculated using a discount rate that in one percent lower (6.50%) and one percent higher (8.50%):

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Town's proportionate share of the net pension liability	\$ 417,561	\$ 246,527	\$ 107,429

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available as a part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance & Management website at:

<http://finance.vermont.gov/reports-and-publications/CAFR>

Note 7. Property Taxes

The Town is responsible for assessing and collecting its own property taxes as well as education taxes for the State of Vermont. The tax rate is set by the Selectboard based on the voter approved budget, the estimated grand list, and the State education property tax liability. Property taxes are due in one installment on October 15th.

The penalty rate is eight percent (8%) after October 15th. Interest is charged at one percent (1%) per month for the first three months and one and a half percent (1 ½%) per month for each month thereafter. The tax rates for 2019 were as follows.

Town tax rate	\$ 0.2970
Local agreement	0.0026
Education tax rate - residential	1.4290
Education tax rate - nonresidential	1.6682

TOWN OF GEORGIA, VERMONT

Notes to Financial Statements

Note 8. Commitments

The Town leases a photocopier under an operating lease agreement. Total lease expense for the year ended December 31, 2019 was \$1,048.

Future minimum payments required under the terms of the current lease and contract agreements are as follows:

Year Ending December 31,	
2020	1,140
2021	1,140
2022	1,140
2023	1,140
Total future minimum lease payments	\$ <u>4,560</u>

Note 9. 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 10. Contingencies

Federal and State Grants

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

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent on the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the Town, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Town's financial condition or results or operation are uncertain.

Note 11. Subsequent Events

Management has evaluated subsequent events through August 11, 2020, the date that the financial statements were available to be issued.

TOWN OF GEORGIA, VERMONT
Statement of Cash Receipts and Cash Disbursements - Modified Cash Basis
Budget and Actual - Budgetary Basis - General Fund
Year Ended December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts			
Property taxes	\$ 1,886,880	\$ 1,801,132	\$ (85,748)
Fees, licenses, and fines	68,060	74,558	6,498
State of Vermont	217,204	219,851	2,647
Other revenue	317,600	362,959	45,359
Grant and capital revenue	267,916	229,165	(38,751)
Total cash receipts	<u>2,757,660</u>	<u>2,687,665</u>	<u>(69,995)</u>
Cash Disbursements			
General government			
Selectboard	278,847	226,004	52,843
Voter approved loan	80,999	160,975	(79,976)
Town clerk	65,125	76,061	(10,936)
Town treasurer	23,993	23,366	627
Delinquent tax collector	18,150	17,818	332
Administrative	37,300	36,219	1,081
Building and grounds	37,545	30,654	6,891
Public safety	203,925	193,866	10,059
Animal control	3,200	2,896	304
Health officer	1,020	800	220
Fire department	233,007	232,022	985
First response	19,008	15,736	3,272
Solid waste management Assessor	5,300	5,673	(373)
Assessor	57,700	61,446	(3,746)
Auditors	9,800	6,762	3,038
Town boards	91,950	68,354	23,596
Regional	69,012	68,908	104
Parks and recreation	26,101	28,920	(2,819)
Library	129,000	129,592	(592)
Benefits	279,555	250,558	28,997
Conservation	29,000	29,306	(306)
Grants and capital expenses			
Admin/Board/Commissions	31,200	17,748	13,452
Fire department	103,113	87,342	15,771
First response	-	2,653	(2,653)
Parks and recreation	13,703	9,705	3,998
Library	2,000	3,783	(1,783)
Highway	166,400	165,813	587
Highway			
Road surface management	397,500	378,246	19,254
Drainage maintenance	11,000	9,273	1,727
Roadside maintenance	10,250	5,122	5,128
Winter maintenance	165,000	173,043	(8,043)
Bridges	10,000	10,000	-
Equipment	161,163	168,488	(7,325)
Road commissioner	4,400	1,001	3,399
Garage expense	108,550	43,360	65,190
Highway disaster fund	-	32,038	(32,038)
Appropriations	<u>23,844</u>	<u>23,844</u>	<u>-</u>
Total cash disbursements	<u>2,907,660</u>	<u>2,797,395</u>	<u>110,265</u>
Change in fund balance	<u>\$ (150,000)</u>	<u>\$ (109,730)</u>	<u>\$ 40,270</u>

See the independent auditor's report.

TOWN OF GEORGIA, VERMONT
Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
December 31, 2019

	Impact Fees	Records Preservation	Capital Projects						Totals
			Bridge Reserve	Fire Dept Reserve	First Response Reserve	Parks and Rec Reserve	Library Reserve	Conservation Reserve	
Assets									
Cash	\$ 101,340	\$ 35,226	\$ 144,642	\$ 84,545	\$ 5,168	\$ -	\$ 207	\$ 101,028	\$ 472,156
Due from other funds	-	-	-	-	-	12,945	-	-	12,945
Total assets	\$ 101,340	\$ 35,226	\$ 144,642	\$ 84,545	\$ 5,168	\$ 12,945	\$ 207	\$ 101,028	\$ 485,101
Liabilities									
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance									
Restricted	101,340	35,226	144,642	-	-	-	-	-	281,208
Committed	-	-	-	84,545	5,168	-	207	101,028	190,948
Assigned	-	-	-	-	-	12,945	-	-	12,945
Total fund balance	101,340	35,226	144,642	84,545	5,168	12,945	207	101,028	485,101
Total liabilities and fund balance	\$ 101,340	\$ 35,226	\$ 144,642	\$ 84,545	\$ 5,168	\$ 12,945	\$ 207	\$ 101,028	\$ 485,101

See the independent auditor's report.

TOWN OF GEORGIA, VERMONT
Statement of Cash Receipts, Cash Disbursements and Changes in Modified
Cash Basis Fund Balance - Nonmajor Governmental Funds
Year Ended December 31, 2019

	Impact Fees	Records Preservation	Bridge Reserve	Fire Dept Reserve	Capital Projects			Parks and Rec Reserve	Library Reserve	Conservation Reserve	Total
					First Response Reserve						
Cash Receipts											
Interest income	\$ -	\$ 85	\$ 385	\$ 160	\$ 16	\$ -	\$ -	\$ -	\$ -	\$ 222	\$ 868
Fees	31,365	5,010	-	-	-	-	-	-	-	-	36,375
Total cash receipts	31,365	5,095	385	160	16	-	-	-	-	222	37,243
Cash Disbursements											
Excess (deficiency) of revenues over expenditures	31,365	5,095	385	160	16	-	-	-	-	222	37,243
Other financing sources (uses)											
Proceeds from sale of equipment	-	-	-	46,000	-	-	-	-	-	-	46,000
Transfers in	-	-	10,000	80,000	2,000	-	-	-	-	20,000	112,000
Transfers out	(25,439)	(1,630)	-	(83,077)	(2,653)	(4,552)	-	-	-	-	(117,351)
Total other financing sources (uses)	(25,439)	(1,630)	10,000	42,923	(653)	(4,552)	-	-	-	20,000	40,649
Change in fund balance	5,926	3,465	10,385	43,083	(637)	(4,552)	-	-	-	20,222	77,892
Fund balance - beginning of year	95,414	31,761	134,257	41,462	5,805	17,497	207	80,806	407,209		
Fund balance - end of year	\$ 101,340	\$ 35,226	\$ 144,642	\$ 84,545	\$ 5,168	\$ 12,945	\$ 207	\$ 101,028	\$ 485,101		

See the independent auditor's report.

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 *Governmental Auditing Standards*

To the Select Board
Town of Georgia
Georgia, 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 the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Georgia, Vermont as of and for the year ended December 31, 2019, which collectively comprise the Town of Georgia, Vermont's basic financial statements and have issued our report thereon dated August 11, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and deficiencies in internal control that we consider to be significant deficiencies: 2019-01 through 2019-03.

Compliance and Other Matters

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

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

Purpose of this Report

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

Telling & Hillman, P.C.

Telling & Hillman, P.C.
License #092.0131564
Middlebury, Vermont
August 11, 2020

TOWN OF GEORGIA, VERMONT
Schedule of Findings and Deficiencies in Internal Control
December 31, 2019

2019-01 Approving Invoices

Criteria: The Town's system of internal controls requires documentation that invoices are approved by the Treasurer.

Condition: During our testing of evaluation of cash disbursement processing, we noted five invoices that lacked documentation of approval by the Town Treasurer.

Cause: Unknown.

Effect: The Town's system of internal control may allow for disbursements to be made without the Treasurer's approval.

Recommendation: We recommend the Town implement internal controls to document that invoices are approved by the Town Treasurer.

2019-02 Due to School District

Criteria: Internal controls should be in place to provide a review of the calculation of the amount due to the School District for education taxes at year-end.

Condition: The amount due to the School District recorded at year-end for education taxes is overstated.

Cause: Unknown.

Effect: The Town's General Fund fund balances is understated.

Recommendation: We recommend Town implement controls to verify the calculation of the amount due to the School District at year-end.

2019-03 Improve Controls Over the Checking Account

Criteria: The Town's system of quality control should require bank accounts be reconciled to the general ledger at the end of each month.

Condition: In our testing and evaluation of the Town's bank accounts we noted certain bank accounts were not reconciled to the general ledger as of December 31, 2019.

Cause: Unknown.

Effect: A misstatement could occur and go undetected.

Recommendation: We recommend Town implement controls requiring all bank accounts be reconciled on a monthly basis.



Town of Georgia

47 Town Common Road North. • St. Albans, VT 05478
• Phone: 802-524-3524 • Fax: 802-524-3543 • website: townofgeorgia.com

September 22, 2020

Telling & Hillman, PC.
5 Park Street
Middlebury, VT 05753

Dear Samantha,

As a result of the 2019 audit that was performed by Telling & Associates, the Town of Georgia has received the schedule of internal controls and other recommendations and we will take all issues into consideration.

It has been a pleasure working with you and your staff and I look forward the working relationship moving forward.

Please let me know if you have any comments for concerns.

Regards,

Amber N. Baker
Town Treasurer

