

Barton Village, Inc.

BASIC FINANCIAL STATEMENTS

December 31, 2022

Barton Village, Inc.
TABLE OF CONTENTS
December 31, 2022

| | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITOR'S REPORT | |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | |
| BASIC FINANCIAL STATEMENTS: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 1 |
| Statement of Activities | 2 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 3 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 5 |
| Statement of Net Position – Proprietary Funds | 7 |
| Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Funds | 8 |
| Statement of Cash Flows – Proprietary Funds | 9 |
| Notes to Basic Financial Statements | 11 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Budgetary Comparison Schedule – General Fund | 42 |
| Schedule of the Proportionate Share of the Net Pension Liability | 44 |
| Schedule of Contributions – VMERS | 45 |



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Barton Village, Inc.
Barton, Vermont

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Barton Village, Inc., as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Barton Village, Inc.'s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Barton Village, Inc., as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Barton Village, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Barton Village, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Barton Village, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on page 42, the schedule of the proportionate share of the net pension liability on page 44 and the schedule of contributions on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Kittell, Branagan & Sargent

St. Albans, Vermont
June 6, 2023

Barton Village, Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

Introduction to the Management's Discussion and Analysis (MD & A)

This annual financial report consists of two parts: The Management's Discussion and Analysis (MD & A), and the independent auditor's report, which includes the financial statements for the fiscal year that ended on December 31, 2022.

The purpose of this section of Barton Village's (the Village) annual financial report the MD & A is to provide the reader with a summary of the Village's financial performance and any significant events that occurred within the organization that may or may not have had an impact on that financial performance. The MD & A is intended to be a less comprehensive, reader-friendly synopsis that is understandable to all readers, not only those with a financial background.

The section following the MD & A is the independent auditor's report that provides a comprehensive look at the Village's Government-Wide financial statements and the Village's Fund Financial Statements.

Together, the MD & A, independent auditor's report and the financial reports illustrate the Village's overall financial status and/or performance and should be read in conjunction with one another.

Financial Highlights:

- Assets exceeded liabilities on December 31, 2022 by \$9,931,492 (net position), of which \$1,719,508 (unrestricted net position) may be used by the various proprietary and governmental Village funds to meet respective ongoing obligations.
- In 2022, the Village's total net position increased by \$455,527. Of this amount, net position attributable to governmental activities increased by \$105,360, and net position attributable to business-type activities decreased by \$560,887.
- The General Fund had an unassigned fund balance at December 31, 2022 of \$522,050.
- The Village paid down debt in the amount of \$303,371.

Village Report Types and Descriptions

The Village's financial statements reported in the independent auditor's report are a combination of reports related to the Government as a whole and those related to specific funds and/or activities. A list of the various reports along with a brief description of each is listed below:

Government-Wide Financial Statements include a look at both long term and short-term information about the Village's overall status. These government-wide financial statements specifically represent government activities of the Village that are principally supported by state and federal sources, intergovernmental revenues such as operating grants, and revenue raised from the local tax base.

The **Statement of Net Position** presents information that includes all of the Village's assets and liabilities, with the difference in the two groups reported as the Village's "net position". The change in net position is one way to measure the Village's *financial* health. This financial information along with other non-financial factors such as diversification of the taxpayer base, the continued financial support of state and federal governments, and the condition of the Village's infrastructure should be considered when determining the state of the Village's overall condition.

Barton Village, Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

The **Statement of Activities** reports how the Village's net position changed during the current fiscal year. All current-year revenues and expenditures are included regardless of when cash is received or paid. An important purpose for the Statement of Activities is to show the financial reliance of the Village's activities or functions on revenues provided by the Village's taxpayers.

Fund Financial Statements. A fund is a specific unit where resources are segregated for a specific activity or objective. The Village uses **funds** to ensure compliance with finance-related laws and regulations. Fund financial statements focus on the Village's most significant funds rather than the Village as a whole.

Governmental Fund Financial Statements encompass essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike government-wide statements that focus on the long-term view, governmental fund statements focus on near-term resources available for spending. These statements illustrate short-term accountability in the use of such resources and the balances of such resources at the end of the fiscal year. These statements are useful in evaluating annual financial requirements of governmental programs and the commitment of such resources for the near-term.

Since the government-wide focus is a long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The Governmental Funds financial reports are reconciled in the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position to assist in understanding the differences between these two perspectives.

Fiduciary Funds are used when the Village is the trustee, or fiduciary, for certain funds that - because of a trust arrangement - can be used only for the trust beneficiaries, not to fund general Village operations. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All fiduciary activities are excluded from government-wide financial statements and reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. As of December 31, 2022, the Village did not maintain any fiduciary funds.

Proprietary Funds are funds used by the Village related specifically to business-type activities in the government-wide statements. Village Proprietary funds include electric, water, and wastewater enterprise funds.

The Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds shows the operating and non-operating revenue and expenses during the fiscal year 2021 specific to each proprietary fund. The results of operations are the change in net position, which added to the prior year net position is the new net position.

The Statement of Cash Flows - Proprietary Funds identifies cash flow activities from operations, investments, and the financing activities of the Village proprietary (business-type) funds during 2021.

Notes to Financial Statements provide additional information essential to a full understanding of the government-wide and fund financial statements.

Budgetary Comparison Schedule provides information related to the actual vs budget results for the General Fund.

Barton Village, Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

Overview of the Village's Financial Statements

An overview of the Village's Government-wide Statement of Net Position and Government-wide Statement of Activities and corresponding notes for the period ending December 31, 2022 are shown below.

2022 Summary of Net Position

| | Government al Activities | Business- Type Activities | Total |
|---|-----------------------------|------------------------------|-------------------|
| Current and other assets | 1,183,953 | 2,704,856 | 3,888,809 |
| Capital Assets, net | 1,706,754 | 10,015,965 | 11,722,719 |
| Total assets | 2,890,707 | 12,720,821 | 15,611,528 |
| Deferred outflows of resources | 9,911 | 27,945 | 37,856 |
| Total Assets and Deferred Outflows | 2,900,618 | 12,748,766 | 15,649,384 |
| Current liabilities | 140,598 | 844,169 | 984,767 |
| Long-term liabilities | 309,088 | 4,142,094 | 4,451,182 |
| Total liabilities | 449,686 | 4,986,263 | 5,435,949 |
| Deferred inflows of resources | 175,805 | 106,138 | 281,943 |
| Total Liabilities and Deferred Inflows | 625,491 | 5,092,401 | 5,717,892 |
| Net Position | | | |
| Net Investment in capital assets | 1,384,806 | 6,346,379 | 7,731,185 |
| Restricted | - | 480,799 | 480,799 |
| Unrestricted | 890,321 | 829,187 | 1,719,508 |
| Total net position | 2,275,127 | 7,656,365 | 9,931,492 |
| Total Liabilities, Deferred Inflows and Net Postion | 2,900,618 | 12,748,766 | 15,649,384 |

The statement of net position shows the total assets and liabilities (current and long-term) for both the Government (Village and Highway) and the Business-Type activities (Electric, Water, Wastewater). Total net position represents the net value of the Village (assets greater than liabilities).

The Village's net position of \$9,931,492 represents an decrease of \$455,527 from December 31, 2022 net position of \$10,387,019.

The net position of the Village General Fund is not restricted by state law and is available for spending at the Village's discretion. However, \$485,000 of the General Funds are assigned for the following purposes:

Barton Village, Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

**Assigned General Fund Balance as of
12/31/2022**

| | | |
|--------------------------|----|---------|
| Barton Memorial Building | \$ | 11,751 |
| Hydrants and Sidewalks | | 3,578 |
| Tractor/Truck/Backhoe | | 80,076 |
| Parks and Recreation | | 32,199 |
| Containment Tank | | 22,838 |
| Future Grant Matching | | 47,149 |
| Capital Reserves | | 48,674 |
| Garage | | 43,088 |
| Paving | | 154,334 |
| Fire Department Building | | 41,312 |
| Total General Fund | \$ | 484,999 |

2022 Capital Assets, Upgrades and Improvements. At the end of 2022, the Village had net capital assets of \$11,722,719 invested in a broad range of capital assets (e.g. land, buildings and improvements, park facilities, roads, bridges, electrical infrastructure, water and sewer lines, furniture and equipment). The capital additions of \$752,623 in 2022 are summarized on the following page.

| <u>2022 Capital Asset Additions</u> | | |
|--|-----------|----------------|
| Village: | | |
| NONE | - | |
| | - | |
| Subtotal Village | \$ | - |
| Highway: | | |
| Water/High Street Paving | 274,656 | |
| Pageant Park Resurfactin | 13,086 | |
| 2022CASE 590SN Loader Backhoe | 55,621 | |
| Subtotal Highway | \$ | 343,363 |
| Electric: | | |
| H16 Transmission Upgrade | 3,058 | |
| Distribution Plant Additions | 162,108 | |
| Transformers | 8,490 | |
| Subtotal Electric | \$ | 173,657 |
| Water: | | |
| Analytics Upgrade | \$ 10,877 | |
| Fiter Unit Equipment | \$ 22,571 | |
| Scada Upgrade | \$ 5,818 | |
| 2022CASE 590SN Loader Backhoe | \$ 35,219 | |
| Subtotal Water | \$ | 74,485 |
| Wastewater: | | |
| Analytics & Testing Upgrade | 7,392 | |
| Telemetry & controls Upgrade | 33,254 | |
| Buildings Upgrade | 41,235 | |
| Lagoon/Slude Project | 52,278 | |
| 2022CASE 590SN Loader Backhoe | 26,960 | |
| Subtotal Wastewater | | 161,119 |
| TOTAL | \$ | 752,623 |

Barton Village, Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

Short-Term Debt. As of December 31, 2022 the Village did not have any outstanding short-term debt.

Long Term Debt. In 2022 a total of \$303,371 of debt principal was paid. One (1) new loan was added in the amount of \$240,000. At the end of 2022, the Village had total long-term debt outstanding of \$4,682,929 excluding pension liabilities.

All debt is backed by the full faith and credit of Barton Village, Inc., with voter approved property taxes and user fees used to pay the obligations. Debt proceeds are used to fund capital assets as well as for general operating costs in anticipation of future revenue receipts.

2022 Summary Statement of Activities

| | Governmental Activities | Business-Type Activities | Total |
|---|-------------------------|--------------------------|---------------------|
| Total Revenues | | | |
| Program revenues: Charges for services | \$ 117,953 | \$ 3,666,178 | \$ 3,784,131 |
| Operating grants and contributions | \$ 40,509 | 50,242 | 90,751 |
| Capital grants and contributions | 4,250 | - | 4,250 |
| Property taxes, penalties and interest | 404,105 | - | 404,105 |
| Investment income | 396 | 212,485 | 212,881 |
| Transfers | | | - |
| Other revenue | | 16,709 | 16,709 |
| Total revenues | \$ 567,213 | \$ 3,945,614 | \$ 4,512,827 |
| Expenses | | | |
| Governmental Activities: | | | |
| General government | 46,860 | | 46,860 |
| Public safety | 18,318 | | 18,318 |
| Public works | 368,246 | | 368,246 |
| Culture and recreation | 33,929 | | 33,929 |
| (Gain) Loss on Disposal of Capital Assets | (5,500) | 3,320 | (2,180) |
| Debt Service | | | - |
| Business-Type Activities: | | | - |
| Electric Fund | | 3,475,962 | 3,475,962 |
| Water Fund | | 377,608 | 377,608 |
| Wastewater Fund | | 649,611 | 649,611 |
| Total expenses | \$ 461,853 | \$ 4,506,501 | \$ 4,968,354 |
| Change in net position | 105,360 | (560,887) | (455,527) |
| Net position, beginning of year | 2,169,767 | 8,217,252 | 10,387,019 |
| Net position, end of year | \$ 2,275,127 | \$ 7,656,365 | \$ 9,931,492 |

Barton Village, Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

The Summary Statement of Activities identifies the revenues and expenses that occurred during the year. Revenues include fees for services, property tax receipts, grants, investment income, and miscellaneous income. Expenses in the governmental section include the cost of general village operations, community activities and maintaining highways. The expenses in business-type activities include the operations and maintenance of each of those specific funds – electric, water and wastewater.

Highlights of 2022 Village Operations (both government and business-type activities).

1. During 2022 the Village operated within budget and funded all budgeted reserves.
2. Pageant Park was well attended and the year ended with revenues exceeding expenses by \$6,681.
3. In 2022, the Village received three additional payments related to the American Rescue Plan Act (ARPA) with a total received in 2022 of \$96,150. This combined with previous ARPA funds received totals \$138,163. Approximately \$39,266 of these funds were used for upgrades at the water plant; specifically, to replace inadequate water treatment testing equipment, upgrade the SCADA system and upgrade the actuator valves. In addition, \$4,250 was used to purchase a storage unit to remove water/wastewater and highway equipment from the Memorial building so that the garage space can be redeveloped for additional community space and a new entry into the hall.
4. A new backhoe was purchased and funded by existing reserves that had been previously set aside for this purpose.
5. The Highway Department paved Water Street and High Street and resurfaced Pageant Park Road. These activities were partially funded by existing reserves and the balance was financed with a local financial lender.
6. The Village previously applied for a grant with the USDA for a community facility grant to replace salt and sand storage facilities and move them from their location on High St., one mile to the site of the current highway garage site at municipal lane. USDA funding is 75% of the project and bidding is expected in the Spring of 2023.
7. The water treatment and wastewater treatment facilities contract with H2O Solutions ended on December 31, 2021. CY 2022 was the first full-year of operations with Village staff hired to operate these facilities (full-time for wastewater and part-time for water).
8. The wastewater treatment facility saw significant upgrades in many areas including: replacement of inaccurate data collection equipment, upgrades to the control systems, repairs and/or upgrades related to safety violations at the facilities, electrical issues, air quality issues and major cleaning projects to remove build-up of debris.
9. The wastewater facility constructed a new sludge dewatering pad that stretches along the length of the lagoons and a portion of the sludge was removed. Options for the larger rehabilitation project are being explored.

Barton Village, Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

10. On March 28, 2022 the Board issued a press release following the confidential bid process recommending the sale of the utility to Vermont Electric Cooperative. Two public informational meetings were held; one on April 16, 2022 and one on May 1, 2022. A vote of the village residents occurred on May 10, 2022 and the vote to sell did not pass. Subsequently, VEC provided the Village a 90-day notice to end contract services including emergency line maintenance and meter reading. The failed vote will result in the Village hiring a special consultant to help determine how to move forward with electric department operations including finding new contract services or hiring an in-house line crew, meter reader and new trucks.
11. The Village continued to contract with Vermont Electric Coop (VEC) for electric line maintenance and on-call coverage and the Vermont Public Power Supply Authority (VPPSA) for administrative, regulatory and power purchase support. The contract with VEC ended in August 2022 (following the failed vote) and the Village subsequently entered into a contract for electric line maintenance and on-call coverage with VPPSA for those services. The Village now has full-time coverage for the Electric utility allowing for proactive maintenance work to be completed on a regular basis.
12. The hydro facility continues to be operated by a part-time manager who has undertaken several tasks this year including:
 - 1) the continued work towards environmental cleanup of the facility
 - 2) a historic/archaeological review to remove the 50,000 gallon abandoned fuel oil tank and diesel plant infrastructure (demolition scheduled in 2023)
 - 3) the replacement of the hydro building roof (started in 2022 and expected to be completed in 2023)
 - 4) a comprehensive inspection and recommendation for the penstock pipes that lead to the turbine units
13. The Trustees support the work of the consultants to put the electric company back out to bid with the hope of a vote to sell at the Village's annual meeting in 2024.
14. In 2022, the Village was notified by the State of Vermont that polychlorinated biphenyls (PCB's) were found above action levels on the adjacent property to the Villages former electric department storage area. The Village engaged a consulting engineer to respond to the State of VT notification and to prepare a work plan to address. An initial assessment was completed in the fall of 2021 with onsite soil samples and test wells on the Village property. Subsequently a report was prepared and approved by the State of Vermont for further testing in 2022. This work has been ongoing and will continue into 2023.
15. The Village negotiated a 1-year contract with IBEW that expired on December 31, 2022.

16. *Subsequent Events*

On January 9, 2023, the Board of Trustees obtained a line of credit in the amount of \$300,000 with Community National Bank to support the cash needs of the electric department while the rate case filed with the Public Utility Commission is pending. To date, the Village has not drawn on the Line-of-Credit.

Request for Information

This report is designed to provide an overview of the Village's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Barton Village, Inc.
PO Box 519
17 Village Square
Barton, Vermont 05822
Phone: (802) 525-4747

Barton Village, Inc.
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 December 31, 2022

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|---------------|
| <u>ASSETS AND DEFERRED OUTFLOWS</u> | | | |
| CURRENT ASSETS | | | |
| Cash | \$ 1,114,519 | \$ 210,403 | \$ 1,324,922 |
| Restricted Cash | - | 332,148 | 332,148 |
| Receivables, net of allowance for doubtful accounts | 60,724 | 795,203 | 855,927 |
| Inventory | - | 200,853 | 200,853 |
| Prepaid Expenses | 8,710 | 28,327 | 37,037 |
| TOTAL CURRENT ASSETS | 1,183,953 | 1,566,934 | 2,750,887 |
| CAPITAL ASSETS, net | 1,706,754 | 10,015,965 | 11,722,719 |
| OTHER ASSETS | | | |
| Investments | - | 1,137,922 | 1,137,922 |
| DEFERRED OUTFLOWS OF RESOURCES- Pension | 9,911 | 27,945 | 37,856 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | \$ 2,900,618 | \$ 12,748,766 | \$ 15,649,384 |
| <u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u> | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable | \$ 87,170 | \$ 234,314 | \$ 321,484 |
| Cash Overdraft | - | 134,773 | 134,773 |
| Accrued Payroll and Benefits Payable | 19,507 | 19,406 | 38,913 |
| Customer Deposits and Advances | 8,254 | 73,262 | 81,516 |
| Pollution Remediation Obligation | - | 73,798 | 73,798 |
| Current Portion Notes and Bonds Payable | 25,667 | 308,616 | 334,283 |
| TOTAL CURRENT LIABILITIES | 140,598 | 844,169 | 984,767 |
| LONG-TERM LIABILITIES | | | |
| Pension Liability | 12,807 | 89,729 | 102,536 |
| Notes and Bonds Payable, less current portion | 296,281 | 4,052,365 | 4,348,646 |
| TOTAL LONG-TERM LIABILITIES | 309,088 | 4,142,094 | 4,451,182 |
| TOTAL LIABILITIES | 449,686 | 4,986,263 | 5,435,949 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unearned Revenues | 138,163 | - | 138,163 |
| Deferred Inflows- Pension | 37,642 | 106,138 | 143,780 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 175,805 | 106,138 | 281,943 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 1,384,806 | 6,346,379 | 7,731,185 |
| Restricted | - | 480,799 | 480,799 |
| Unrestricted | 890,321 | 829,187 | 1,719,508 |
| NET POSITION | 2,275,127 | 7,656,365 | 9,931,492 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | \$ 2,900,618 | \$ 12,748,766 | \$ 15,649,384 |

See Accompanying Notes to Basic Financial Statements.

Barton Village, Inc.
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | Total |
|--|---------------------|----------------------|-------------------------------|-----------------------------|---|--------------------------|---------------------|
| | | Charges for Services | Operating Grants and Revenues | Capital Grants and Revenues | Governmental Activities | Business-Type Activities | |
| Governmental Activities | | | | | | | |
| General Government | \$ 46,860 | \$ 17,921 | \$ 241 | \$ - | \$ (28,698) | - | \$ (28,698) |
| Public Safety | 18,318 | - | - | - | (18,318) | - | (18,318) |
| Public Works | 320,872 | 36,891 | 38,578 | 4,250 | (241,153) | - | (241,153) |
| Memorial Building | 47,374 | 28,133 | - | - | (19,241) | - | (19,241) |
| Village Community Activities | 1,052 | - | - | - | (1,052) | - | (1,052) |
| Pageant Park | 28,327 | 35,008 | - | - | 6,681 | - | 6,681 |
| Recreation Field | 2,344 | - | - | - | (2,344) | - | (2,344) |
| River Green | 2,206 | - | 1,690 | - | (516) | - | (516) |
| Total Governmental Activities | <u>467,353</u> | <u>117,953</u> | <u>40,509</u> | <u>4,250</u> | <u>(304,641)</u> | <u>-</u> | <u>(304,641)</u> |
| Business-type Activities: | | | | | | | |
| Water Fund | 377,608 | 293,954 | 39,579 | - | - | (44,075) | (44,075) |
| Wastewater Fund | 649,611 | 345,725 | 10,663 | - | - | (293,223) | (293,223) |
| Electric Fund | 3,475,962 | 3,026,499 | - | - | - | (449,463) | (449,463) |
| Total Business-Type Activities | <u>\$ 4,503,181</u> | <u>\$ 3,666,178</u> | <u>\$ 50,242</u> | <u>\$ -</u> | <u>-</u> | <u>(786,761)</u> | <u>(786,761)</u> |
| General Revenues: | | | | | | | |
| Property Taxes | | | | | 402,941 | - | 402,941 |
| Penalties and Interest on Delinquent Taxes | | | | | 1,164 | - | 1,164 |
| Unrestricted Investment Earnings | | | | | 396 | 212,485 | 212,881 |
| Gain/(loss) on Disposal of Capital Assets | | | | | 5,500 | (3,320) | 2,180 |
| Rent Income | | | | | - | 11,408 | 11,408 |
| Other Revenues | | | | | - | 5,301 | 5,301 |
| Total General Revenues | | | | | <u>410,001</u> | <u>225,874</u> | <u>635,875</u> |
| Change in Net Position | | | | | 105,360 | (560,887) | (455,527) |
| Net position, Beginning of Year | | | | | <u>2,169,767</u> | <u>8,217,252</u> | <u>10,387,019</u> |
| Net position, End of Year | | | | | <u>\$ 2,275,127</u> | <u>\$ 7,656,365</u> | <u>\$ 9,931,492</u> |

See Accompanying Notes to Basic Financial Statements.

Barton Village, Inc.
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 December 31, 2022

| | <u>General Fund</u> |
|---|---------------------|
| <u>ASSETS</u> | |
| CURRENT ASSETS | |
| Cash | \$ 1,114,519 |
| Receivables, net of allowance for doubtful accounts | 60,724 |
| Prepaid Expenses | <u>8,710</u> |
| TOTAL CURRENT ASSETS | <u>1,183,953</u> |
| TOTAL ASSETS | <u>\$ 1,183,953</u> |
| <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</u> | |
| LIABILITIES | |
| Accounts Payable | \$ 87,170 |
| Accrued Payroll and Benefits Payable | <u>19,509</u> |
| TOTAL LIABILITIES | <u>106,679</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Unearned Revenues | 42,059 |
| Unavailable Property Taxes, Penalties and Interest | <u>19,456</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>61,515</u> |
| FUND BALANCE | |
| Nonspendable | 8,710 |
| Restricted | 96,104 |
| Assigned | 484,999 |
| Unassigned | <u>522,050</u> |
| TOTAL FUND BALANCE | <u>1,015,759</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | <u>\$ 1,183,953</u> |

See Accompanying Notes to Basic Financial Statements.

Barton Village, Inc.
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 December 31, 2022

| | |
|---|----------------------------|
| Total fund balances - governmental funds | \$ 1,015,759 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. | |
| Capital Assets- governmental fund expenditures | 1,706,754 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | |
| Reserve for non-current tax | 19,456 |
| Long-term and accrued liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. | |
| Notes payable | (321,948) |
| Pension Liability | (12,807) |
| Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period and therefore not reported as assets in the funds. | |
| | 9,911 |
| Deferred inflows of resources represent the acquisition of net assets applicable to a future reporting period and therefore are not reported as liabilities in the funds. | |
| | <u>(141,998)</u> |
| Total net position - governmental activities | <u>\$ 2,275,127</u> |

See Accompanying Notes to Basic Financial Statements.

Barton Village, Inc.
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2022

| | General Fund |
|---|------------------|
| REVENUES | |
| Property Tax | \$ 406,754 |
| Interest on Delinquent Taxes | 752 |
| Penalties on Delinquent Taxes | 412 |
| State Street Aid | 42,828 |
| Federal ARPA Grant | 1,113 |
| Municipal Building Rent | 65,024 |
| Intergovernmental Revenues | 17,921 |
| Pageant Park Fees | 32,138 |
| Investment Income | 396 |
| Other | 1,100 |
| TOTAL REVENUES | 568,438 |
| EXPENDITURES | |
| General Government | 35,315 |
| Public Works | 253,232 |
| Memorial Building | 45,975 |
| Village Common | 2,702 |
| Pageant Park | 30,476 |
| Recreation Field | 235 |
| River Green | 516 |
| Fire Department | 2,043 |
| Capital Outlay | 344,433 |
| Debt Service | 7,824 |
| TOTAL EXPENDITURES | 722,751 |
| EXCESS OF REVENUES OVER EXPENDITURES | (154,313) |
| OTHER FINANCING SOURCES (USES) | |
| Proceeds from Debt | 240,000 |
| Proceeds from Sale of Equipment | 12,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | 252,000 |
| NET CHANGE IN FUND BALANCE | 97,687 |
| FUND BALANCE, Beginning of Year | 918,072 |
| FUND BALANCE, End of Year | \$ 1,015,759 |

See Accompanying Notes to Basic Financial Statements.

Barton Village, Inc.
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2022

Net change in fund balances - governmental funds \$ 97,687

Amounts reported for governmental activities in the Statement of
 Activities are different because:

Governmental funds report capital outlays as expenditures. However,
 in the statement of activities, the cost of those assets is allocated
 over their estimated useful lives and reported as depreciation expense.

| | |
|----------------------------------|-----------|
| Depreciation Expense | (101,113) |
| Capital Outlay | 344,432 |
| Loss on disposal of fixed assets | (7,500) |

Revenues in the statement of activities that do not provide current financial
 resources are not reported as revenues in the funds.

| | |
|---|---------|
| Deferral of Grants and Deposits | (4,036) |
| Decrease in the reserve for non-current taxes | 3,813 |

Issuance and repayment of long-term debt are revenue and expenditures in the
 governmental funds, but the issuance and repayment increase and decrease
 long-term liabilities in the statement of net assets.

| | |
|--|-----------|
| Proceeds from issuance of long-term debt | (240,000) |
| Repayment of long-term debt | 7,824 |

Some expenses reported in the statement of activities do not require the use of
 current financial resources and therefore are not reported as expenditures in
 governmental funds.

| | |
|-----------------|--------------|
| Pension Expense | <u>4,253</u> |
|-----------------|--------------|

Change in net position of governmental activities \$ 105,360

See Accompanying Notes to Basic Financial Statements.

Barton Village, Inc.
FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2022

| | Water Fund | Wastewater Fund | Electric Fund | Total |
|--|---------------|--------------------|------------------|---------------|
| <u>ASSETS AND DEFERRED OUTFLOWS</u> | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ 145,004 | \$ 28,689 | \$ 36,710 | \$ 210,403 |
| Restricted Cash | - | - | 332,148 | 332,148 |
| Accounts Receivable, net of allowance for doubtful accounts | 48,598 | 73,958 | 672,647 | 795,203 |
| Inventory | 42,813 | 10,814 | 147,226 | 200,853 |
| Prepaid Expenses | 3,208 | 7,900 | 17,219 | 28,327 |
| TOTAL CURRENT ASSETS | 239,623 | 121,361 | 1,205,950 | 1,566,934 |
| CAPITAL ASSETS, net | 3,395,098 | 2,891,845 | 3,729,022 | 10,015,965 |
| OTHER ASSETS | | | | |
| Investments | - | - | 1,137,922 | 1,137,922 |
| DEFERRED OUTFLOWS OF RESOURCES- Pension | 1,654 | 15,797 | 10,494 | 27,945 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | \$ 3,636,375 | \$ 3,029,003 | \$ 6,083,388 | \$ 12,748,766 |
| <u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u> | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts Payable | \$ - | \$ - | \$ 234,314 | \$ 234,314 |
| Cash Overdraft | - | 64,322 | 70,451 | 134,773 |
| Accrued Payroll and Benefits Payable | 2,414 | 8,915 | 8,077 | 19,406 |
| Pollution Remediation Obligation | - | - | 73,798 | 73,798 |
| Customer Deposits and Advances | 1,379 | 1,913 | 69,970 | 73,262 |
| Current Portion Notes and Bonds Payable | 51,168 | 21,383 | 236,065 | 308,616 |
| TOTAL CURRENT LIABILITIES | 54,961 | 96,533 | 692,675 | 844,169 |
| LONG-TERM LIABILITIES | | | | |
| Pension Liability | 7,905 | (44,708) | 126,532 | 89,729 |
| Notes and Bonds Payable, less current portion | 783,832 | 352,745 | 2,915,788 | 4,052,365 |
| TOTAL LONG-TERM LIABILITIES | 791,737 | 308,037 | 3,042,320 | 4,142,094 |
| TOTAL LIABILITIES | 846,698 | 404,570 | 3,734,995 | 4,986,263 |
| DEFERRED INFLOWS OF RESOURCES- Pension | 6,283 | 59,999 | 39,856 | 106,138 |
| NET POSITION | | | | |
| Net investment in Capital Assets | 2,560,098 | 2,517,717 | 1,268,564 | 6,346,379 |
| Restricted | 83,926 | 28,689 | 368,184 | 480,799 |
| Unrestricted | 139,370 | 18,028 | 671,789 | 829,187 |
| TOTAL NET POSITION | 2,783,394 | 2,564,434 | 2,308,537 | 7,656,365 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | \$ 3,636,375 | \$ 3,029,003 | \$ 6,083,388 | \$ 12,748,766 |

See Accompanying Notes to Basic Financial Statements.

Barton Village, Inc.
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2022

| | Water Fund | Wastewater Fund | Electric Fund | Total |
|--|---------------------|---------------------|---------------------|---------------------|
| OPERATING REVENUES | | | | |
| Charges for Services | \$ 289,321 | \$ 340,643 | \$ 3,011,051 | \$ 3,641,015 |
| Penalties and Interest | 4,633 | 5,082 | 15,448 | 25,163 |
| | 293,954 | 345,725 | 3,026,499 | 3,666,178 |
| OPERATING EXPENDITURES | | | | |
| Depreciation Expense | 144,766 | 138,020 | 258,691 | 541,477 |
| Power Production | - | - | 45,451 | 45,451 |
| Distribution | 138,424 | 349,677 | 745,974 | 1,234,075 |
| Tax Expense | 1,597 | - | 158,947 | 160,544 |
| Purchased Power | - | - | 1,334,606 | 1,334,606 |
| Solar Credits | - | - | (2,747) | (2,747) |
| Utility Partners | - | 14,257 | - | 14,257 |
| Uncollectable Accounts | - | - | 7,061 | 7,061 |
| Customer Informational Expense | - | - | 528 | 528 |
| Office Salaries | 7,453 | 10,213 | 61,446 | 79,112 |
| Supplies and Utilities | 27,178 | 51,966 | 33,359 | 112,503 |
| Outside Services | 4,076 | 6,402 | 386,142 | 396,620 |
| Insurance | 14,859 | 15,773 | 34,393 | 65,025 |
| Employee Benefits | 17,742 | 45,735 | 73,695 | 137,172 |
| Regulatory Commission | - | - | 175 | 175 |
| Miscellaneous Expense | - | 599 | 4,061 | 4,660 |
| Rents | 4,334 | 2,134 | 54,380 | 60,848 |
| Transportation Expense | 779 | 2,468 | 39,664 | 42,911 |
| Pollution Mediation Expense | - | - | 97,384 | 97,384 |
| | 361,208 | 637,244 | 3,333,210 | 4,331,662 |
| (EXPENSE) FROM OPERATIONS | (67,254) | (291,519) | (306,711) | (665,484) |
| NON-OPERATING REVENUE (EXPENSE) | | | | |
| Gain/ (Loss) on Disposal of Capital Assets | (2,372) | (948) | - | (3,320) |
| Grant Income | 39,579 | 10,663 | - | 50,242 |
| Other Income | - | 435 | 4,866 | 5,301 |
| Rent Income | - | - | 11,408 | 11,408 |
| Investment Income | 45 | 121 | 212,319 | 212,485 |
| Interest Expense | (16,400) | (12,367) | (142,752) | (171,519) |
| | 20,852 | (2,096) | 85,841 | 104,597 |
| (DECREASE) IN NET POSITION | (46,402) | (293,615) | (220,870) | (560,887) |
| NET POSITION, Beginning of Year | <u>2,829,796</u> | <u>2,858,049</u> | <u>2,529,407</u> | <u>8,217,252</u> |
| NET POSITION, End of Year | <u>\$ 2,783,394</u> | <u>\$ 2,564,434</u> | <u>\$ 2,308,537</u> | <u>\$ 7,656,365</u> |

See Accompanying Notes to Basic Financial Statements.

Barton Village, Inc.
FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended December 31, 2022

| | <u>Water Fund</u> | <u>Wastewater Fund</u> | <u>Electric Fund</u> | <u>Total</u> |
|---|-----------------------|----------------------------|--------------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from Customer and Users | \$ 293,154 | \$ 334,332 | \$ 2,921,314 | \$ 3,548,800 |
| Payments for Purchased Power | - | - | (1,334,606) | (1,334,606) |
| Payments to Suppliers | (103,298) | (321,536) | (1,433,974) | (1,858,808) |
| Payments for Wages and Benefits | <u>(114,535)</u> | <u>(181,981)</u> | <u>(218,962)</u> | <u>(515,478)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>75,321</u> | <u>(169,185)</u> | <u>(66,228)</u> | <u>(160,092)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Other Receipts | <u>39,579</u> | <u>11,098</u> | <u>16,274</u> | <u>66,951</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and Construction of Capital Assets, net | (74,485) | (161,118) | (217,997) | (453,600) |
| Principal Reduction of Long-Term Debt | (49,742) | (20,806) | (225,000) | (295,548) |
| Interest Payments on Debt | <u>(16,400)</u> | <u>(12,367)</u> | <u>(142,752)</u> | <u>(171,519)</u> |
| NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(140,627)</u> | <u>(194,291)</u> | <u>(585,749)</u> | <u>(920,667)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipt of Interest and Dividends | 45 | 121 | 75,852 | 76,018 |
| Purchase of Investments | <u>-</u> | <u>-</u> | <u>(2,720)</u> | <u>(2,720)</u> |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | <u>45</u> | <u>121</u> | <u>73,132</u> | <u>73,298</u> |
| NET DECREASE IN CASH | (25,682) | (352,257) | (562,571) | (940,510) |
| CASH - BEGINNING OF YEAR | <u>170,686</u> | <u>316,624</u> | <u>860,978</u> | <u>1,348,288</u> |
| CASH - END OF YEAR | <u>\$ 145,004</u> | <u>\$ (35,633)</u> | <u>\$ 298,407</u> | <u>\$ 407,778</u> |
| SUPPLEMENTAL INFORMATION: | | | | |
| Non-cash investing & financing activities | | | | |
| Dividends Reinvested in TRANSCO Stock | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 136,466</u> | <u>\$ 136,466</u> |

See Accompanying Notes to Basic Financial Statements.

Barton Village, Inc.
FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended December 31, 2022

| | <u>Water Fund</u> | <u>Wastewater Fund</u> | <u>Electric Fund</u> | <u>Total</u> |
|--|-----------------------|----------------------------|--------------------------|---------------------|
| Reconciliation of operating income to net cash provided (used) by operating activities | | | | |
| Operating (loss) | \$ (67,254) | \$ (291,519) | \$ (306,711) | \$ (665,484) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation and Amortization | 144,766 | 138,020 | 258,691 | 541,477 |
| Change in net assets and liabilities: | | | | |
| Receivables, net | (1,287) | (12,041) | (106,095) | (119,423) |
| Inventory | (90) | (1,434) | (112,592) | (114,116) |
| Prepaid Expenses | (1,080) | (3,021) | (1,956) | (6,057) |
| Deferred Outflows | 1,174 | (12,969) | 36,869 | 25,074 |
| Accounts Payable | - | - | 137,684 | 137,684 |
| Accrued Payroll and Benefits Payable | 489 | 6,940 | (5,454) | 1,975 |
| Customer Deposits and Advances | 487 | 648 | 910 | 2,045 |
| Pollution Remediation Obligation | - | - | 73,798 | 73,798 |
| Pension Liability | (3,837) | (49,478) | (8,706) | (62,021) |
| Deferred Inflows | 1,953 | 55,669 | (32,666) | 24,956 |
| | <u>1,953</u> | <u>55,669</u> | <u>(32,666)</u> | <u>24,956</u> |
| Net cash provided(used) by operating activities | <u>\$ 75,321</u> | <u>\$ (169,185)</u> | <u>\$ (66,228)</u> | <u>\$ (160,092)</u> |

See Accompanying Notes to Basic Financial Statements.

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Barton Village, Inc. (the "Village"), was incorporated in 1874. The Village Board of Trustees (the "Board") is the basic level of government which has oversight responsibility and control over all activities related to the Village. The Village's major operations include parks and recreation, public works and general administrative services. In addition, the Village owns and operates water, sewer and electric utilities.

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

A. The Financial Reporting Entity

The Village, for financial reporting purposes, includes all of the funds relevant to the operations of Barton Village, Inc. The financial statements presented herein do not include entities which have been formed under applicable state laws or separate and distinct units of government apart from Barton Village, Inc.

The financial statements of the Village do not include those of separately administered entities that are not controlled by or dependent on the Village. Such control or dependence ("oversight responsibility") is determined on the basis of five basic characteristics; financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

The significant factors for exclusion are: the directors or trustees are elected directly by the registered voters or members; the Village cannot significantly influence the entities' operations; the entities have sole budgetary authority; the entities control surpluses and deficits; the Village is not responsible for the entities debts; and the entities are responsible for fiscal management and fee determination. Based on these criteria, the Village's reporting entity does not include other unreported entities for which the Village exercises no oversight responsibility and has no accountability for fiscal matters.

B. Basis of Presentation

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

The Village's fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The Village's water, sewer, and electric services are classified as business-type activities.

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Statements:

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (public works, etc.).

The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public works, community and youth services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The Village General Fund allocates direct costs to the other operating funds to recover the direct costs of General Fund services (finance, personnel, purchasing, legal, technology, management, etc.). Except for charges from the Village's enterprise funds to various other functions of the Village and transfers between the Village's enterprise funds and its governmental funds, all inter-fund activity has been eliminated.

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

Fund financial statements:

The financial transactions of the Village 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The non-major funds are combined in a column in the fund financial statements.

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Village reports these major governmental funds and fund types:

- a. The general fund is the Village's primary operating fund. It is used to account for and report all financial resources except those required to be accounted for in another fund.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Village reports the following proprietary fund types:

- a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The Electric, Water and Wastewater (Sewer) Enterprise funds operate the Village's electricity acquisition and transmission services, water distribution system and its sewer system, which primarily serves Village residents.

BASIS OF ACCOUNTING

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

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available.

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

"Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred.

Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

Cash:

Cash balances of most Village funds are deposited with and invested by the Village Treasurer. The Village considers all investments with an original maturity of three (3) months or less to be cash equivalents. The Village has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent.

Investments:

The Village owns stock in the Vermont Electric Power Company and member units in Vermont Transco, LLC. The investments are accounted for at cost.

Inventories:

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories in the proprietary funds consist of parts held by the individual departments for repairs and upkeep of equipment.

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

Reported inventories and prepaid expenses of governmental funds in the fund financial statements are offset by a non-spendable fund balance as these assets are not in spendable form.

Receivables:

All receivables are reported net of estimated uncollectible amounts.

Capital Assets:

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities.

Barton Village, Inc.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized. Infrastructure assets are reported starting with the fiscal year ended December 31, 2004. The Village has elected not to report major general infrastructure assets retroactively.

Depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives:

| | <u>Capitalization Threshold</u> | <u>Estimated Service Life</u> |
|-------------------------------------|-------------------------------------|-----------------------------------|
| Land | \$ 1,000 | Not Depreciated |
| Antiques | 5,000 | Not Depreciated |
| Buildings and Improvements | 5,000 | 30-100 Years |
| Vehicles | 5,000 | 5-20 Years |
| Machinery and Equipment | 5,000 | 5-15 Years |
| Infrastructure | 5,000 | 30-25 Years |
| Distribution and Collection Systems | 5,000 | 30-100 Years |
| Demand Side Management | 5,000 | 10 Years |

Compensated Absences:

It is the Village's policy to permit employees to accumulate earned but unused leave time. The accrual for unused compensated absence time is based on current pay rates and is recorded in the government-wide financial statements. The liability for unused compensated absences is not reported in the governmental fund financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

Long-term Liabilities:

Long-term liabilities include bonds and notes payable and other obligations such as compensated absences. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and only include current liabilities on their balance sheets.

Deferred Outflows of Resources:

The Village reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position.

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred outflows of resources reported in this year's financial statements include (1) a deferred amount arising from the refunding of enterprise fund bonds, (2) a deferred outflow of resources for contributions made to the Village's defined benefit pension plans between the measurement date of the net pension liabilities from those plans and the end of the Village's fiscal year, and (3) deferred outflows of resources related to the differences between the expected and actual demographics for the Village's single-employer defined benefit fund. The deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. Deferred outflows for pension contributions will be recognized in the subsequent fiscal year.

The deferred amount related to the actuarial assumptions for demographic factors in the pension fund will be recognized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. No deferred outflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows of Resources:

The Village's statements of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). Deferred inflows of resources are reported in the Village's various statements of net position for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over a total of 1 year, including the current year. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The Village will not recognize the related revenues until they are available (collected not later than 60 days after the end of the Village's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes and grants are reported in the governmental funds balance sheet.

Property Tax Calendar and Revenues:

The Village is responsible for assessing and collecting its own property taxes. Property taxes are assessed based on property valuations as of April 1 and the voter approved budgets. Property taxes were levied in September and were due November 13. The penalty rate charged on late payments is eight (8%) percent. Interest is charged at one percent (1%) per month. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale.

The Village voters approved assessing a tax to pay debt service and capital reserve for the Water and Wastewater Funds instead of increasing user fees in March 2002.

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The tax rates for 2022 were as follows:

| | |
|------------------------------|---------------|
| General Fund | 0.9420 |
| Water Fund Debt Service | 0.1232 |
| Wastewater Fund Debt Service | <u>0.1065</u> |
| Total | <u>1.1717</u> |

Defining Operating Revenues and Expenses:

The Village's proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of the Village's water and sewer funds consist of charges for services (including tap fees for the water fund and systems development charges for the sewer fund) and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

Government-wide and Proprietary Fund Net Position:

Government-wide and proprietary fund net positions are divided into three components:

- Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position-consist of assets that are restricted by the Village's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (including those who have donated to the Village's parks endowment less related liabilities and deferred inflows of resources).
- Unrestricted-all other net position is reported in this category.

Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable – Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted – Amounts that can be spent only for specific purposes because of the Village Charter, the Village Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Committed – Amounts that can be used only for specific purposes determined by a formal action by Village's Board of Trustees.
- Assigned – Amounts that are designated by management of the Village for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Board of Trustees.
- Unassigned – All amounts not included in other spendable classifications.

Use of Restricted Resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Village's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Village's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances before using unassigned fund balances.

Inter-fund Activity:

Inter-fund activity is reported as loans, services provided, and reimbursements or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION

The Village Trustees prepare the General Fund budget prior to the annual Village meeting. The budget is approved at the annual meeting by the voters approving the amount of taxes to assess for the tax year. There were no adjustments to the original budget.

BUDGET SURPLUS

The Village budgeted for General Fund projected revenues to exceed projected expenditures by \$291,800. The Budget and Actual Schedule - General Fund reflects that budgeted revenues exceeded total budgeted expenditures by \$97,687. This budget surplus was the result of the capital expenditures not budgeted for but purchased during the year less loan proceeds.

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Village's cash and investments as of December 31, 2022 consisted of the following:

| | |
|--------------------------------------|-------------------------|
| Deposits with Financial Institutions | \$ 1,521,622 |
| Cash on Hand | <u>675</u> |
| Total Cash | <u>\$ 1,522,297</u> |

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party.

The Village does not have a formal written policy to limit the exposure to custodial credit risk. The Village's membership unit entitlement is not exposed to custodial credit risk. The Village's corporate stock is in the name of the Village and not exposed to custodial credit risk. The following table shows the custodial credit risk of the Village's deposits.

| | <u>Book Balance</u> | <u>Bank Balance</u> |
|--|-------------------------|-------------------------|
| Insured by the FDIC | \$ 798,044 | \$ 750,000 |
| Uninsured, Collateralized by irrevocable stand-by letter of credit secured with offsetting loan balances owed to Village lenders | 723,578 | 924,906 |
| Petty Cash | <u>675</u> | <u>-</u> |
| Total Deposits | <u>\$ 1,522,297</u> | <u>\$ 1,674,906</u> |

The difference between the book and bank balance is due to reconciling items such as deposits in transit and outstanding checks.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity period of an investment is, the greater the expected impact of fluctuations in market interest rates on the investments' fair value. The Village does not have any policy to limit the exposure to interest rate risk. The Village's corporate stock and member unit entitlement are not subject to interest rate risk disclosure.

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Village does not have a policy to limit the exposure to credit risk. The Village's corporate stock and membership unit entitlement are exempt from the credit risk disclosure.

Concentration of Credit Risk

The Village does not have any limitations on the amount that can be invested in any one issuer. Investments in the Electric Fund represents VELCO stock and VT Transco, LLC units. The Investments are carried at cost. VT Transco, LLC units are held by VPPSA on behalf of Barton Village, Inc. are recorded as "Investment in VPPSA", Investments in any one issuer that represent more than 5% of total investments are as follows:

| | Shs/Units | Cost |
|------------------------------|-----------|--------------|
| VELCO | | |
| Class B Common Stock | 523 | \$ 52,300 |
| Class C Common Stock | 230 | 23,000 |
| VT Transco, LLC | | |
| Class A & B Membership Units | 335 | 3,350 |
| Investment in VPPSA | 10,593 | 1,059,272 |
| TOTAL INVESTMENTS | | \$ 1,137,922 |

Restricted Cash

Certain cash accounts, as required by the bond agreements, are restricted. The restricted cash is held by US Bank Investment Department. It consists of a Contingency Reserve Fund of \$311,872, a Bond Interest Fund of \$7,632 and a Bond Principal Fund of \$12,644 for the Electric Department revenue bonds.

Certain proceeds from the Electric Department's general obligation bond and grant award for its line 46KV upgrade should be restricted cash because they are required to be maintained in separate bank accounts and their use is limited by applicable bond covenants, regulatory guidance project award agreements. These proceeds are intended for the sole use of the line 46KV upgrade.

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 RECEIVABLES

Receivables as of December 31, 2022, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------------|----------------------------|-----------------------------|-------------------|
| Delinquent Taxes Receivable | \$ 60,724 | \$ 11,094 | \$ 71,818 |
| Billed Services | - | 555,402 | 555,402 |
| Unbilled Services | - | 243,987 | 243,987 |
| Other Receivables | - | 6,720 | 6,720 |
| Allowance for Doubtful Accounts | - | (22,000) | (22,000) |
| | <u>\$ 60,724</u> | <u>\$ 795,203</u> | <u>\$ 855,927</u> |

NOTE 5 CAPITAL ASSETS ACTIVITY

Capital asset activity for the year ended December 31, 2022 was as follows:

| <u>Governmental Activities</u> | Beginning Balance | Increase | Decrease | Ending Balance |
|---|----------------------|-------------------|-------------------|---------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 150,190 | \$ - | \$ (200) | \$ 149,990 |
| Construction in progress | <u>2,808</u> | <u>1,069</u> | <u>-</u> | <u>3,877</u> |
| Total capital assets not being depreciated | <u>152,998</u> | <u>1,069</u> | <u>(200)</u> | <u>153,867</u> |
| Capital Assets, being depreciation: | | | | |
| General Structures and Equipment | 2,302,441 | 287,742 | (21,958) | 2,568,225 |
| Vehicles | <u>289,497</u> | <u>55,621</u> | <u>(33,764)</u> | <u>311,354</u> |
| Total assets being depreciated | <u>2,591,938</u> | <u>343,363</u> | <u>(55,722)</u> | <u>2,879,579</u> |
| Less accumulated depreciation for: | | | | |
| General Structures and Equipment | 1,095,790 | 76,323 | (16,138) | 1,155,975 |
| Vehicles | <u>178,211</u> | <u>24,790</u> | <u>(32,284)</u> | <u>170,717</u> |
| Totals | <u>1,274,001</u> | <u>101,113</u> | <u>(48,422)</u> | <u>1,326,692</u> |
| Total capital assets, being depreciated, net | <u>1,317,937</u> | <u>242,250</u> | <u>(7,300)</u> | <u>1,552,887</u> |
| Governmental activities - capital Assets, net | <u>\$ 1,470,935</u> | <u>\$ 243,319</u> | <u>\$ (7,500)</u> | <u>\$ 1,706,754</u> |

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 CAPITAL ASSETS ACTIVITY (continued)

Depreciation expense was charged to governmental functions as follows:

| | <u>\$ 101,113</u> | | | |
|--|--------------------------|--------------------|-------------------|-----------------------|
| General Government | | | | |
| <u>Business-type Activities</u> | <u>Beginning Balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Ending Balance</u> |
| Capital assets not being depreciated: | | | | |
| Land | \$ 126,680 | \$ - | \$ - | \$ 126,680 |
| Construction in progress | <u>-</u> | <u>44,340</u> | <u>-</u> | <u>44,340</u> |
| Total capital assets not being depreciated | <u>126,680</u> | <u>44,340</u> | <u>-</u> | <u>171,020</u> |
| Capital Assets, being depreciation: | | | | |
| Vehicles, machinery and equipment | 280,670 | 101,444 | (44,401) | 337,713 |
| Distribution and Collection Systems | <u>22,444,019</u> | <u>307,816</u> | <u>-</u> | <u>22,751,835</u> |
| Total capital assets being depreciated | <u>22,724,689</u> | <u>409,260</u> | <u>(44,401)</u> | <u>23,089,548</u> |
| Less accumulated depreciation: | | | | |
| Vehicles, machinery and equipment | 276,938 | 12,070 | (41,081) | 247,927 |
| Distribution and Collection Systems | <u>12,467,269</u> | <u>529,407</u> | <u>-</u> | <u>12,996,676</u> |
| Total accumulated depreciation | <u>12,744,207</u> | <u>541,477</u> | <u>(41,081)</u> | <u>13,244,603</u> |
| Total capital assets, being depreciated, net | <u>9,980,482</u> | <u>(132,217)</u> | <u>(3,320)</u> | <u>9,844,945</u> |
| Business-type Activities - capital Assets, net | <u>\$10,107,162</u> | <u>\$ (87,877)</u> | <u>\$ (3,320)</u> | <u>\$10,015,965</u> |

NOTE 6 DEFERRED INFLOWS OF RESOURCES/CREDITS

Deferred inflows of resources reflected on the General Fund Balance Sheet consist of \$19,456 of delinquent property taxes, penalties and interest on those taxes not collected within sixty (60) days after year end.

NOTE 7 LONG-TERM LIABILITIES

The Village issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for both general governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 LONG-TERM LIABILITIES (continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. New bonds generally are issued as 10 to 20 year bonds. Refunding bonds are issued for various terms based on the debt service of the debt refunded.

The United States Department of Agriculture (USDA) offers a number of low interest loan programs for various purposes. The Village has borrowed money from the USDA for water and wastewater projects.

The State of Vermont offers a number of non-interest and negative interest bearing revolving loan programs to utilize for predetermined purposes. The Village has borrowed money from the Vermont Special Environmental Revolving Fund for Water and Wastewater Fund projects.

The Village has other notes payable due to local banks borrowed to finance various capital projects and purchases.

Long-term notes and bonds payable consist of the following at December 31, 2022:

| <u>Governmental Activities</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Principal Reduction</u> | <u>Ending Balance</u> | <u>Current Portion</u> |
|---|------------------------------|-------------------|--------------------------------|---------------------------|----------------------------|
| <u>Notes Payable</u> | | | | | |
| VEDA, secured by Bridge 20 and 58 payments vary based on the amount borrowed with a 1% interest rate, due October 2035. | \$ 89,772 | \$ - | \$ (7,824) | \$ 81,948 | \$ 6,605 |
| Passumpsic, payable in semi-annual payments of principal and 4.97% interest in the amount of \$15,377.60, due July 2032. | <u>-</u> | <u>240,000</u> | <u>-</u> | <u>240,000</u> | <u>19,062</u> |
| Total Governmental Activities | <u>\$ 89,772</u> | <u>\$ 240,000</u> | <u>\$ (7,824)</u> | <u>\$ 321,948</u> | <u>\$ 25,667</u> |

Anticipated maturities are as follows for the Governmental Funds:

| <u>Year Ending December 31,</u> | <u>Governmental Activities</u> | | |
|-------------------------------------|--------------------------------|------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2023 | \$ 25,667 | \$ 12,564 | \$ 38,231 |
| 2024 | 26,691 | 11,538 | 38,229 |
| 2025 | 27,766 | 10,464 | 38,230 |
| 2026 | 28,890 | 9,338 | 38,228 |
| 2027 | 30,071 | 8,158 | 38,229 |
| 2028-2032 | 170,029 | 21,015 | 191,044 |
| 2033-2037 | <u>12,834</u> | <u>305</u> | <u>13,139</u> |
| TOTAL | <u>\$ 321,948</u> | <u>\$ 73,382</u> | <u>\$ 395,330</u> |

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 LONG-TERM LIABILITIES (continued)

| <u>Business-Type Funds</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Principal Reduction</u> | <u>Ending Balance</u> | <u>Current Portion</u> |
|--|------------------------------|------------------|--------------------------------|---------------------------|----------------------------|
| <u>Electric Fund</u> | | | | | |
| Passumpsic Bank for Hydro Dam, principal plus interest at 1.5% due in full August 2037. | \$ 145,458 | \$ - | \$ (10,000) | \$ 135,458 | \$ 10,000 |
| CNB Current Exp Refunding Note, monthly P&I at 2.93% totaling \$5,073, until Oct 2026, at which point the interest becomes variable. | 731,395 | - | (40,000) | 691,395 | 41,065 |
| Bond payable to VMBB for electrical improvements, principal payments ranging from \$50,000 to \$165,000 due annually on Dec 1st with interest ranging from 3.55%-5.19%, payable semi-annually on June 1 and Dec 1, due Dec 2028. | 1,050,000 | - | (130,000) | 920,000 | 135,000 |
| Bond payable to VMBB for electrical improvements, principal payments ranging from \$35,000-\$110,000 due annually on Dec 1 with interest ranging from 1.004%-5.084% due semi-annually on June 1st and Dec 1st, due Dec 2041. | <u>1,450,000</u> | <u>-</u> | <u>(45,000)</u> | <u>1,405,000</u> | <u>50,000</u> |
| TOTAL ELECTRIC FUND | <u>3,376,853</u> | <u>-</u> | <u>(225,000)</u> | <u>3,151,853</u> | <u>236,065</u> |
| <u>Water Fund</u> | | | | | |
| CNB Capital Improvements Note, principal and interest payments of \$13,140 due annually on Dec 15th with interest at 2.5%, due Dec 2025. | 49,434 | - | (11,902) | 37,532 | 12,201 |
| VMBB for water system improvements, principal payments ranging from \$923 to \$21,973 due annually on Dec 1st with interest of 3.1% payable semi-annually on May 1 and Nov 1, due Nov 2036 | 166,034 | - | (21,200) | 144,834 | 21,973 |

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 LONG-TERM LIABILITIES (continued)

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Principal Reduction</u> | <u>Ending Balance</u> | <u>Current Portion</u> |
|--|------------------------------|------------------|--------------------------------|---------------------------|----------------------------|
| <u>Water Fund (continued)</u> | | | | | |
| USDA Rural Development, Water System P&I of \$2,832 due semi-annually on March 1 and Sept 1, with interest at 1.625%, due Sept 2056. | 75,286 | - | (1,615) | 73,671 | 1,641 |
| USDA Rural Development, Water System P&I payments of \$13,759 due semi-annually on April 20 and Oct 20, with interest at 2.25%, due Oct 2050 | 583,463 | - | (14,471) | 568,992 | 14,799 |
| State of VT Special Environmental Revolving Fund, Solar Mixer, principal payments of \$554 due annually on Dec 1, 0% int | <u>10,525</u> | <u>-</u> | <u>(554)</u> | <u>9,971</u> | <u>554</u> |
| TOTAL WATER FUND | <u>884,742</u> | <u>-</u> | <u>(49,742)</u> | <u>835,000</u> | <u>51,168</u> |
| <u>Wastewater Fund</u> | | | | | |
| USDA Rural Development, Wastewater improvements, P&I payments of \$10,203 due semi-annually on Jan 20 and July 20 with interest at 2.25%, due Jan 2042 | 333,586 | - | (12,972) | 320,614 | 13,264 |
| VMBB Wastewater System Improvements, principal payments ranging from \$989 to \$2,363 due annually on Dec 1st with interest of 3.1% payable semi-annually on May 1 and Nov 1, due Nov 2036 | 17,846 | - | (2,279) | 15,567 | 2,362 |
| VMBB Wastewater System Improvements, principal payments ranging from \$51 to \$1,218 due annually on Dec 1st with interest of 3.1% payable semi-annually on May 1 and Nov 1, due Nov 2036 | 9,199 | - | (1,175) | 8,024 | 1,217 |

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 LONG-TERM LIABILITIES (continued)

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Principal Reduction</u> | <u>Ending Balance</u> | <u>Current Portion</u> |
|--|------------------------------|------------------|--------------------------------|---------------------------|----------------------------|
| <u>Wastewater Fund (continued)</u> | | | | | |
| VMBB Wastewater System Improvements, principal payments ranging from \$191 to \$4,539 due annually on Dec 1st with interest of 3.1% payable semi-annually on May 1 and Nov 1, due Nov 2036 | 34,303 | - | (4,380) | 29,923 | 4,540 |
| TOTAL WASTEWATER FUND | <u>394,934</u> | <u>-</u> | <u>(20,806)</u> | <u>374,128</u> | <u>21,383</u> |
| Total Business-Type Activities | <u>\$ 4,656,529</u> | <u>\$ -</u> | <u>\$ (295,548)</u> | <u>\$ 4,360,981</u> | <u>\$ 308,616</u> |

Anticipated maturities are as follows for the Business-Type Funds:

| <u>Year Ending December 31,</u> | <u>Business-Type Activities</u> | | |
|-------------------------------------|---------------------------------|---------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2023 | \$ 308,616 | \$ 168,695 | \$ 477,311 |
| 2024 | 313,245 | 156,147 | 469,392 |
| 2025 | 326,329 | 143,213 | 469,542 |
| 2026 | 841,012 | 127,020 | 968,032 |
| 2027 | 288,097 | 101,262 | 389,359 |
| 2028-2032 | 779,299 | 361,425 | 1,140,724 |
| 2033-2037 | 648,718 | 234,773 | 883,491 |
| 2038-2042 | 617,588 | 90,983 | 708,571 |
| 2043-2047 | 132,834 | 18,916 | 151,750 |
| 2048-2052 | 94,456 | 29,776 | 124,232 |
| 2053-2056 | <u>10,787</u> | <u>394</u> | <u>11,181</u> |
| TOTAL | <u>\$ 4,360,981</u> | <u>\$ 1,432,604</u> | <u>\$ 5,793,585</u> |

NOTE 8 FUND BALANCES / NET POSITION

Nonspendable Fund balances are as follows:

General Fund

Nonspendable for:

Prepaid Expenses \$ 8,710

Barton Village, Inc.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 8 FUND BALANCES / NET POSITION (continued)

Assigned Fund balances are as follows:

General Fund

Assigned for:

| | |
|--------------------------|---------------|
| Barton Memorial Building | \$ 11,751 |
| Hydrants and Sidewalks | 3,578 |
| Tractor/Truck/Backhoe | 80,076 |
| Parks and Recreation | 32,199 |
| Containment Tank | 22,838 |
| Future Grant Matching | 47,149 |
| Capital Reserves | 48,674 |
| Garage | 43,088 |
| Paving | 154,334 |
| Fire Department Building | <u>41,312</u> |

Total General Fund \$ 484,999

Restricted Net Positions are as follows:

General Fund

Restricted for:

| | |
|-------------------|------------------|
| ARPA Expenditures | <u>\$ 96,104</u> |
|-------------------|------------------|

Water Fund

Restricted for:

| | |
|-----------------|---------------|
| Major Repairs | \$ 14,158 |
| Capital Reserve | <u>69,768</u> |

Total Restricted Net Position 83,926

Wastewater Fund

Restricted for:

| | |
|-----------------|---------------|
| Major Repairs | 13,783 |
| Capital Reserve | <u>14,906</u> |

Total Restricted Net Position 28,689

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 8 FUND BALANCES / NET POSITION (continued)

Electric Fund

Restricted for:

| | |
|--------------------------------|----------------|
| Debt Retirement Payments | 6,057 |
| Capital Reserve | 6,413 |
| Vehicle Reserve | 1,017 |
| Backhoe Expenses | 2,750 |
| Hydro Plant Improvements | 19,798 |
| Debt Service by Bond Agreement | <u>332,149</u> |

Total Restricted Net Position 368,184

Total Proprietary Fund Restricted Net Position \$ 480,799

NOTE 9 COMMITMENTS AND CONTINGENCIES

Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village benefits from sovereign immunity and maintains insurance coverage through Vermont Leagues of Cities and Towns which contracts coverage for the Village from multiple carriers. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years. The Village may withdraw its membership from the Vermont League Fund with (60) sixty days' notice.

The Village is also a member of the Vermont League of Cities and Towns Unemployment Insurance Trust. The Unemployment Trust is a nonprofit corporation formed to provide unemployment coverage for Vermont municipalities and is managed by the participating members. Governing documents do not permit the Unemployment Trust to make additional assessments to its members beyond required annual contributions.

Federal and State Grants: In the normal course of operations, the Village receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 9 COMMITMENTS AND CONTINGENCIES (continued)

Revenue Bonds

The revenue bonds of the Electric Fund require the funding of a bond contingency reserve fund in substantially equal monthly payments over 48 months so that the contingency amount in the reserve fund will equal the Contingency Reserve Requirement calculation as of the end of the prior calendar year. The reserve requirement is equal to 10% of prior year operating expenses plus 10% of prior year debt service. The balance of the Contingency Reserve account amounted to \$311,872 as December 31, 2022. In addition, the Electric Fund was required to create and fund separate debt service interest and principal funds. The balance in these accounts totaled \$20,276 as of December 31, 2022.

NOTE 10 DEFINED BENEFIT PLANS (VMERS)

Information Required Under GASB Statement No. 68

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The schedules below have been prepared to provide Barton Village, Inc.'s proportional share of the overall amounts of the VMERS plan. Barton Village, Inc.'s portion has been allocated based on Barton Village, Inc.'s proportional share of employer contributions to the total contributions to VMERS during the fiscal year.

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the Barton Village, Inc.'s reporting date December 31, 2022 and for the Barton Village, Inc.'s reporting period (the year ended December 31, 2022). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than 30 months prior to the employer's fiscal year. For the reporting date of December 31, 2022, the State has chosen to use the end of the prior fiscal year (June 30, 2022) as the measurement date, and the year ended June 30, 2021 as the measurement period.

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2021, to the measurement date of June 30, 2022.

Barton Village, Inc.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 10 DEFINED BENEFIT PLANS (VMERS) (continued)

Schedule A – Employer Allocations as December 31, 2020

| Fiscal Year Ended June 30, 2020 | | | | | | |
|---------------------------------|---------------------|-----------------------|-------------------------|------------------------|---|---|
| Employer Contributions | Employer Proportion | Net Pension Liability | Total Deferred Outflows | Total Deferred Inflows | Net Pension Liability 1% Decrease (6.00% Disc Rate) | Net Pension Liability 1% Decrease (8.00% Disc Rate) |
| \$ 15,333 | 0.07398% | \$ 187,153 | \$ 63,879 | \$108,243 | \$ 285,931 | \$ 105,879 |

Schedule B – Employers’ Allocation as of December 31, 2021

| Fiscal Year Ended June 30, 2021 | | | | | | |
|---------------------------------|---------------------|-----------------------|-------------------------|------------------------|---|---|
| Employer Contributions | Employer Proportion | Net Pension Liability | Total Deferred Outflows | Total Deferred Inflows | Net Pension Liability 1% Decrease (6.00% Disc Rate) | Net Pension Liability 1% Decrease (8.00% Disc Rate) |
| \$ 15,489 | 0.06967% | \$ 102,536 | \$ 37,856 | \$143,780 | \$ 202,669 | \$ 20,198 |

Schedule C – Employers’ Allocation of Pension Amounts as of December 31, 2021

| Deferred Outflows of Resources | | | | | | | |
|--------------------------------|-----------------------|---|------------------------|---------------------|---|---|-------------------------|
| Employer Proportion | Net Pension Liability | Difference Between Expected and Actual Experience | Changes in Assumptions | Changes in Benefits | Difference Between Projected and Actual Investment Earnings | Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | Total Deferred Outflows |
| 0.06967% | \$ 102,536 | \$ 19,111 | \$ 16,207 | \$ - | \$ - | \$ 2,538 | \$ 37,856 |

| Deferred Inflows of Resources | | | | | |
|---|------------------------|---------------------|---|---|------------------------|
| Difference Between Expected and Actual Experience | Changes in Assumptions | Changes in Benefits | Difference Between Projected and Actual Investment Earnings | Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | Total Deferred Inflows |
| \$ - | \$ - | \$ - | \$ 60,458 | \$ 83,322 | \$ 143,780 |

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 DEFINED BENEFIT PLANS (VMERS) (continued)

| Pension Expense Recognized | | |
|---|---|------------|
| Proportionate Share of Pension Plan Expense | Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | Total |
| \$ 22,763 | \$ (30,332) | \$ (7,569) |

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of December 31, 2021

| Fiscal Year Ending | | | | | |
|--------------------|---------------|---------------|---------------|---------------|------------|
| June 30, 2022 | June 30, 2023 | June 30, 2024 | June 30, 2025 | June 30, 2026 | Thereafter |
| \$ (30,581) | \$ (26,110) | \$ (31,409) | \$ 17,823 | \$ - | \$ - |

Schedule E – Contribution History for Fiscal Years 2017-2021

| FY 2021 | FY 2020 | FY 2019 |
|-----------|-----------|-----------|
| \$ 15,489 | \$ 15,333 | \$ 30,955 |

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

<http://finance.vermont.gov/reports-and-publications/annual-comprehensive-financial-report>

Plan Description

The Vermont Municipal Employees’ Retirement System is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for 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 hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2021, the retirement system consisted of 352 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

Barton Village, Inc.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 10 DEFINED BENEFIT PLANS (VMERS) (continued)

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 elect's coverage under Groups 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 highest 5 consecutive years. |
|----------------------------------|---|

Groups 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.

Groups C and D – Age 55 with 5 years of service.

| | |
|--------|---------------------------------|
| 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 Group A member x AFC

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 DEFINED BENEFIT PLANS (VMERS) (continued)

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 Groups 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 Groups 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 member, and payable without reduction to Group D members.

Vested Retirement Allowance

Eligibility 5 years of service.

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

Disability Retirement Allowance

Eligibility 5 years of service and disability as determined by Retirement Board.

Amount Immediate allowance based on AFC and service to date of disability; 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.

Barton Village, Inc.
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 DEFINED BENEFIT PLANS (VMERS) (continued)

Death Benefit

| | |
|-------------|---|
| 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 a date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit. |

Optional Benefit and Death
after Retirement

For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint or 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.

Retirement Stipend

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

| <u>Member Contributions</u> | <u>Group</u> | <u>Effective 7/1/21</u> | <u>For the Fiscal year ended 6/30/21</u> |
|---------------------------------|--------------|-------------------------|--|
| | Group A | 3.25% | 3.00% |
| | Group B | 5.625% | 5.375% |
| | Group C | 10.75% | 10.50% |
| | Group D | 12.10% | 11.85% |

| <u>Employer Contributions</u> | <u>Group</u> | <u>Effective 7/1/21</u> | <u>For the Fiscal year ended 6/30/21</u> |
|-----------------------------------|--------------|-------------------------|--|
| | Group A | 4.75% | 4.50% |
| | Group B | 6.25% | 6.00% |
| | Group C | 8.00% | 7.75% |
| | Group D | 10.60% | 10.35% |

NOTE 10 DEFINED BENEFIT PLANS (VMERS) (continued)

Significant Actuarial Assumptions and Methods

Interest Rate: 7.00%, net of pension plan investment expenses, including inflation.

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

Mortality:

Pre-retirement:

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

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

Healthy Post-retirement - Retirees:

Groups A, B and C – 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with general projection using scale MP-2019.

Group D – PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.

Disabled Post-retirement:

All Groups – PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

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

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Group B, C and D members. The January 1, 2021 COLA is 0.40% for all groups. The January 1, 2022 COLAs is 2.00% for Group A members and 2.30% for Groups, B, C, and D members.

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

Assets: The valuation is based on the market value of assets as of the valuation date, as provided by the system. The system uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determine the contribution requirements.

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 DEFINED BENEFIT PLANS (VMERS) (continued)

Inflation: 2.30 per year%

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------|--------------------------|---|
| Passive Global Equities | 24.00% | 5.05% |
| Active Global Equities | 5.00% | 5.05% |
| US Equities - Large Cap | 4.00% | 4.00% |
| US Equities - Small/Mid Cap | 3.00% | 4.50% |
| Non-US Developed US Equiti | 7.00% | 550.00% |
| Emerging Markets Debt | 4.00% | 3.00% |
| Core Fixed Income | 19.00% | 0.00% |
| Private & Alternative Credit | 10.00% | 4.75% |
| US TIPS | 3.00% | -0.50% |
| Core Real Estate | 4.00% | 3.75% |
| Non-Core Real Estate | 4.00% | 5.75% |
| Private Equity | 10.00% | 6.75% |
| Infrastructure/Farmland | 3.00% | 4.25% |

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022 to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by the Legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2021. 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.

Barton Village, Inc.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 10 DEFINED BENEFIT PLANS (VMERS) (continued)

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%):

| 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---------------------|-----------------------|---------------------|
| \$ 202,669 | \$ 102,536 | \$ 20,198 |

NOTE 11 PURCHASED POWER AND COMMITMENTS

The Village of Barton Electric Department (the Electric Department) is a member of the Vermont Public Power Supply Authority (VPPSA), paying its proportionate share of VPPSA's operating costs and holding a seat on the VPPSA Board of Directors.

Central Dispatch Agreement

The Village Electric Department has entered into a Central Dispatch Agreement (CDA) with VPPSA for the economic dispatch of its power supply resources. Under the CDA, the Electric Department authorizes VPPSA to act as its billing agent with regard to its power supply resources and transmission providers. VPPSA continues to provide dispatch services to the Electric Department under the terms of the CDA between the Electric Department and VPPSA dated 8/9/2001.

Power Supply Resources

The energy sold through the Village Electric Department is obtained from a combination of sources. While some energy is generated by the Electric Department, most is provided by other sources through power purchase contracts. The following section summarizes all of the major power agreements as of December 31, 2022.

Barton Village Hydro Project

- Size: 1.4 MW
- Fuel: Hydro
- Location: Charleston, VT
- Entitlement: 100% (1.4 MW), Owned
- Products: Energy, capacity, renewable energy credits (VT Tier I & MA Class II)
- End Date: Life of Unit

Fitchburg Landfill

- Size: 4.5 MW
- Fuel: Landfill Gas
- Location: Westminster, MA
- Entitlement: 5.553%, PPA
- Products: Energy, capacity, renewable energy credits (MA Class I)
- End Date: 12/31/31

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 11 PURCHASED POWER AND COMMITMENTS (continued)

Kruger Hydroelectric Facilities

- Size: 6.7 MW
- Fuel: Hydro
- Location: Maine and Rhode Island
- Entitlement: 5.7579%, 0.391 MW, PPA
- Products: Energy, capacity
- End Date: 12/31/37
- Notes: The Electric Department has an agreement with VPPSA to purchase unit contingent energy and capacity from six hydroelectric generators. The contract does not include the environmental attributes and appears as system mix in the summary table.

Market Contracts

- Size: Varies
- Fuel: New England System Mix
- Location: New England
- Entitlement: Varies (PPA)
- Products: Energy
- End Date: Varies, less than 5 years.
- Notes: The Electric Department purchases system power from various other entities under short-term (5 year or less) agreements.

New York Power Authority (NYPA)

- Size: 3.044 MW (Niagara), 0.195 MW (St. Lawrence)
- Fuel: Hydro
- Location: New York State
- Entitlement: 2.12%, 0.17 MW (Niagara PPA), 0.599%, 0.01 MW (St. Lawrence PPA)
- Products: Energy, capacity, renewable energy credits (New York System Mix)
- End Date: 9/1/25 (Niagara), 4/30/2032 (St. Lawrence)
- Notes: NYPA provides hydro power to the Electric Department under two contracts, which will be extended at the end of their term.

Project 10

- Size: 40 MW
- Fuel: Oil
- Location: Swanton, VT
- Entitlement: 2.16% (0.864 MW), participant share of VPPSA project
- Products: Energy, capacity, reserves
- End Date: Life of unit
- Notes: As a project participant the Electric department has signed a PSA with VPPSA that obligates the utility to pay 2.16% of the unit's cost.

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 11 PURCHASED POWER AND COMMITMENTS (continued)

Ryegate Facility

- Size: 20.5 MW
- Fuel: Wood
- Location: East Ryegate, VT
- Entitlement: 0.2658% (0.0545 MW), PPA
- Products: Energy, capacity, renewable energy credits (CT Class I)
- End Date: 11/1/2032

Seabrook 2018-22

- Size: 1,250 MW
- Fuel: Nuclear
- Location: Seabrook, NH
- Entitlement: 0.646 MW On-Peak, 0.432 MW Off-Peak (PPA)
- Products: Energy, capacity, environmental attributes (Carbon-free nuclear)
- End Date: 12/31/2022

Standard Offer Program

- Size: Small renewables, primarily solar < 2.2 MW
- Fuel: Mostly solar, but also some wind, biogas and micro-hydro
- Location: Vermont
- Entitlement: 0.2694% (Statutory)
- Products: Energy, capacity, renewable energy credits
- End Date: Varies
- Notes: The Electric Department is required to purchase power from small power producers through the Vermont Standard Offer Program in 2022, in accordance with PUC Rule #4.300. The entitlement percentage fluctuates slightly each year with the Electric Department's pro rata share of Vermont's retail energy sales.

The percentage of energy (MWH) acquired from the above sources for the year ended December 31, 2022 is shown in Table 1.

Table 1: 2022 Electricity Supply Resources (MWH)

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 11 PURCHASED POWER AND COMMITMENTS (continued)

| <u>Resource</u> | <u>MWh</u> | <u>Percent</u> | <u>Fuel</u> | <u>Expiration</u> |
|-----------------------------------|-------------------|-------------------|--------------|-------------------|
| Barton Hydro | 5,294 | 30.0% | Hydro | Life of unit |
| Fitchburg Landfill | 1,903 | 10.8% | Landfill Gas | 12/31/2031 |
| Kruger Hydro | 1,363 | 7.7% | System | 12/31/2037 |
| Market Contracts | 1,694 | 9.6% | System | <5 Years |
| NYPA Niagara Contract | 1,942 | 11.0% | Hydro | 9/1/2025 |
| NYPA St. Lawrence Contract | 48 | 0.3% | Hydro | 4/30/2032 |
| Project 10 | 20 | 0.10% | Oil | Life of unit |
| Ryegate Facility | 385 | 2.2% | Wood | 10/31/1932 |
| Seabrook 2018-22 Purchase | 4657 | 26.4% | Nuclear | 12/31/2022 |
| Standard Offer Program | <u>351</u> | <u>2.00%</u> | Solar | Varies |
| Subtotal Resources | <u>17,657</u> | <u>100.1%</u> | | |
| Total Load Including Losses | 16,693 | | | |
| ISO Exchange (+ Purchase/ - Sale) | (964) | -5.5% | | |

The following tables show the cost of power from these sources, as well as the cost of Transmission, Market, and Miscellaneous costs which are primarily from ISO New England and VELCO (Vermont Electric Power Company).

POWER SUPPLY COSTS

| | |
|----------------------------|------------------|
| Barton Hydro | \$ (32,920) |
| Fitchburg Landfill | (75,195) |
| Kruger Hydro | (46,681) |
| Market Contracts | (49,973) |
| NYPA Niagara Contract | (74,564) |
| NYPA St. Lawrence Contract | (4,361) |
| Project #10 | (12,174) |
| Ryegate Facility | (4,455) |
| Seabrook 2018-22 Purchase | (150,991) |
| Standard Offer Program | <u>61,096</u> |
| Subtotal Power Supply | <u>(390,218)</u> |

TRANSMISSION COSTS

| | |
|----------------------------------|----------------|
| Open Access Transmission Tariff | 304,770 |
| 1991 VTA - Common Facilities | 87,960 |
| 1991 SPA - Shared & Exclusive | 6,235 |
| VELC & St. Lawrence Transmission | <u>2,545</u> |
| Subtotal Transmission | <u>401,510</u> |

Barton Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 11 PURCHASED POWER AND COMMITMENTS (continued)

MARKET AND MISC. COSTS

| | |
|---------------------------------|-----------|
| Energy Market | 1,073,126 |
| Capacity Market | 198,385 |
| Reserve Market | 8,235 |
| NCPC | 3,985 |
| Regulation Services | 3,524 |
| Marginal Loss Revenues | (1,857) |
| Auction Revenue Rights | (2,338) |
| Other Load Settlement | 806 |
| VPPSA Fees - Power Supply | 14,948 |
| ISONE Self Funding Tariff | 22,319 |
| VELCO Tariff Allocation | 839 |
| VELCO Market Settlement | 617 |
| VELCO Service Fees | 625 |
| GIS Costs | 99 |
| Subtotal Market and Misc. Costs | 1,323,314 |

TOTAL POWER SUPPLY AND TRANSMISSION \$ 1,334,606

NOTE 12 POLLUTION REMEDIATION

In the proprietary funds financial statements, a short-term pollution remediation obligation is recognized for an environmental assessment of property.

A preliminary study of the BED property found that soils were impacted with certain pollutants in excess of state standards at select locations on the property. This study identified areas that should be evaluated to facilitate appropriate remediation activities. Since testing is still being done, a reasonable estimate of remediation costs cannot be reasonable determined at this time. As remediation activities proceed or new information becomes available, the obligation will be reassessed. At this time there are no estimated recoveries to potentially reduce the recorded liability.

NOTE 13 SUBSEQUENT EVENTS

On January 9, 2023, the Board of Trustees obtained a line of credit in the amount of \$300,000 with Community National Bank to support the cash needs of the electric department while the need for a rate increase is assessed.

In accordance with accounting standards, the Village has evaluated subsequent events through June 6, 2023, which is the date these basic financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2022, have been incorporated into these basic financial statements herein.

REQUIRED SUPPLEMENTARY INFORMATION

Barton Village, Inc.
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGETARY BASIS - GENERAL FUND
 For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---------------------------------|--------------------|-----------------|----------------|---|
| REVENUES | | | | |
| Property Tax | \$ 394,500 | \$ 394,500 | \$ 406,754 | \$ 12,254 |
| Interest on Delinquent Taxes | 2,000 | 2,000 | 752 | (1,248) |
| Penalties on Delinquent Taxes | 2,500 | 2,500 | 412 | (2,088) |
| State Street Aid | 119,000 | 119,000 | 42,828 | (76,172) |
| Grant Funds | 34,800 | 34,800 | 1,113 | (33,687) |
| Municipal Building Rent | 75,200 | 75,200 | 65,024 | (10,176) |
| Intergovernmental Revenues | 23,100 | 23,100 | 17,921 | (5,179) |
| Pageant Park Fees | 27,000 | 27,000 | 32,138 | 5,138 |
| Investment Income | 200 | 200 | 396 | 196 |
| Other | 1,100 | 1,100 | 1,100 | - |
| TOTAL REVENUES | <u>679,400</u> | <u>679,400</u> | <u>568,438</u> | <u>(110,962)</u> |
| EXPENDITURES | | | | |
| GENERAL GOVERNMENT | | | | |
| Interest Expense | - | - | 247 | (247) |
| Customer Informational Expenses | 400 | 400 | 514 | (114) |
| Office Salaries | 6,600 | 6,600 | 3,770 | 2,830 |
| Supplies and Utilities | 3,300 | 3,300 | 6,375 | (3,075) |
| Outside Services | 2,600 | 2,600 | 6,224 | (3,624) |
| Insurance | 7,600 | 7,600 | 8,118 | (518) |
| Employee Benefits | 9,100 | 9,100 | 2,342 | 6,758 |
| Miscellaneous Expense | 100 | 100 | - | 100 |
| Transportation Expense | 100 | 100 | - | 100 |
| Distribution Main Street Light | 9,900 | 9,900 | 7,725 | 2,175 |
| TOTAL GENERAL GOVERNMENT | <u>39,700</u> | <u>39,700</u> | <u>35,315</u> | <u>4,385</u> |
| PUBLIC WORKS | | | | |
| Interest Expense | 1,300 | 1,300 | 864 | 436 |
| DPW Labor | 86,900 | 86,900 | 80,121 | 6,779 |
| Highway Supplies | 59,100 | 59,100 | 70,697 | (11,597) |
| Customer Informational Expenses | 200 | 200 | 56 | 144 |
| Office Salaries | 4,900 | 4,900 | 5,813 | (913) |
| Supplies and Utilities | 11,500 | 11,500 | 12,685 | (1,185) |
| Outside Services | 4,200 | 4,200 | 2,261 | 1,939 |
| Rents | 22,800 | 22,800 | 5,080 | 17,720 |
| Insurance | 11,600 | 11,600 | 12,154 | (554) |
| Employee Benefits | 50,900 | 50,900 | 45,888 | 5,012 |
| Transportation Expense | 13,300 | 13,300 | 17,613 | (4,313) |
| TOTAL PUBLIC WORKS | <u>266,700</u> | <u>266,700</u> | <u>253,232</u> | <u>13,468</u> |
| MEMORIAL BUILDING | | | | |
| Tax Expense | 2,000 | 2,000 | 371 | 1,629 |
| DPW Labor | 5,100 | 5,100 | 745 | 4,355 |
| Office Salaries | 5,000 | 5,000 | - | 5,000 |
| Supplies and Utilities | 24,200 | 24,200 | 35,096 | (10,896) |
| Insurance | 7,100 | 7,100 | 7,057 | 43 |
| Outside Services | 5,700 | 5,700 | 2,706 | 2,994 |
| TOTAL MEMORIAL BUILDING | <u>49,100</u> | <u>49,100</u> | <u>45,975</u> | <u>3,125</u> |

See Accompanying Notes to Basic Financial Statements.

Barton Village, Inc.
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|--------------------|-------------------|------------------|---|
| VILLAGE COMMON | | | | |
| Supplies and Utilities | 400 | 400 | 266 | 134 |
| Outside Services | 3,900 | 3,900 | 2,144 | 1,756 |
| Labor | 100 | 100 | 292 | (192) |
| TOTAL VILLAGE COMMON | <u>4,400</u> | <u>4,400</u> | <u>2,702</u> | <u>1,698</u> |
| PAGEANT PARK | | | | |
| Tax Expense | 1,000 | 1,000 | 993 | 7 |
| DPW Labor | 4,300 | 4,300 | 2,681 | 1,619 |
| Office Salaries | 7,400 | 7,400 | 7,135 | 265 |
| Supplies and Utilities | 4,500 | 4,500 | 6,978 | (2,478) |
| Outside Services | 3,400 | 3,400 | 6,109 | (2,709) |
| Insurance | 200 | 200 | 205 | (5) |
| Employee Benefits | 700 | 700 | 184 | 516 |
| Miscellaneous | 3,000 | 3,000 | 6,191 | (3,191) |
| TOTAL PAGEANT PARK | <u>24,500</u> | <u>24,500</u> | <u>30,476</u> | <u>(5,976)</u> |
| RECREATION FIELD | | | | |
| DPW Labor | 200 | 200 | 158 | 42 |
| Tax Expense | 100 | 100 | 62 | 38 |
| Insurance | - | - | 15 | (15) |
| TOTAL RECREATION FIELD | <u>300</u> | <u>300</u> | <u>235</u> | <u>65</u> |
| RIVER GREEN | | | | |
| Supplies and Utilities | 200 | 200 | 186 | 14 |
| Outside Services | 600 | 600 | 330 | 270 |
| TOTAL RIVER GREEN | <u>800</u> | <u>800</u> | <u>516</u> | <u>284</u> |
| FIRE DEPARTMENT | | | | |
| Supplies and Utilities | 1,700 | 1,700 | 1,596 | 104 |
| Insurance | 400 | 400 | 447 | (47) |
| TOTAL FIRE DEPARTMENT | <u>2,100</u> | <u>2,100</u> | <u>2,043</u> | <u>57</u> |
| OTHER EXPENDITURES | | | | |
| Debt Service | - | - | 7,824 | (7,824) |
| Capital Outlay | - | - | 344,433 | (344,433) |
| TOTAL OTHER EXPENDITURES | <u>-</u> | <u>-</u> | <u>352,257</u> | <u>(352,257)</u> |
| TOTAL EXPENDITURES | <u>387,600</u> | <u>387,600</u> | <u>722,751</u> | <u>(335,151)</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>291,800</u> | <u>291,800</u> | <u>(154,313)</u> | <u>(446,113)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from Debt | - | - | 240,000 | 240,000 |
| Proceeds from Sale of Fixed Assets | - | - | 12,000 | (12,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>252,000</u> | <u>228,000</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 291,800</u> | <u>\$ 291,800</u> | <u>\$ 97,687</u> | <u>\$ (218,113)</u> |

See Accompanying Notes to Basic Financial Statements.

Barton Village, Inc.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended December 31, 2022

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Village's proportion of the net pension liability (asset) | 0.0697% | 0.0740% | 0.1611% | 0.1547% | 0.1991% | 0.1973% | 0.2277% |
| Village's proportionate share of the net pension liability (asset) | <u>\$ 102,536</u> | <u>\$ 187,153</u> | <u>\$ 279,517</u> | <u>\$ 217,610</u> | <u>\$ 241,223</u> | <u>\$ 253,944</u> | <u>\$ 175,574</u> |
| Village's covered-employee payroll | <u>\$ 270,584</u> | <u>\$ 225,955</u> | <u>\$ 390,999</u> | <u>\$ 520,765</u> | <u>\$ 562,672</u> | <u>\$ 550,649</u> | <u>\$ 550,649</u> |
| Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 38% | 83% | 71% | 42% | 43% | 46% | 32% |
| Plan fiduciary net position as a percentage of the total pension liability | 86.29% | 74.52% | 80.35% | 82.60% | 83.64% | 80.95% | 87.42% |

Significant Actuarial Assumptions and methods are described in Note 10 to the financial statements. No changes in actuarial assumptions and methods since the last measurement date.

See Accompanying Notes to Basic Financial Statements

Barton Village, Inc.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - VMERS
December 31, 2022

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Contractually Required Contributions (Actuarially Determined) | \$ 15,489 | \$ 15,333 | \$ 30,955 | \$ 27,095 | \$ 32,515 | \$ 29,990 | \$ 31,834 |
| Contributions in Relation to the Actuarially Determined Contributions | <u>15,489</u> | <u>15,333</u> | <u>30,955</u> | <u>27,095</u> | <u>32,515</u> | <u>29,990</u> | <u>31,834</u> |
| Covered Employee Payroll | <u>\$ 270,584</u> | <u>\$ 225,955</u> | <u>\$ 271,750</u> | <u>\$ 390,999</u> | <u>\$ 520,765</u> | <u>\$ 550,649</u> | <u>\$ 545,644</u> |
| Contributions as a Percentage of Covered Employee Payroll | 5.72% | 6.79% | 11.39% | 6.93% | 6.24% | 5.45% | 5.83% |

Significant Actuarial Assumptions and methods are described in Note 10 to the financial statements. No changes in actuarial assumptions and methods since the last measurement date.

See Accompanying Notes to Basic Financial Statements